

LEGISLATURE OF THE STATE OF IDAHO
Sixty-eighth Legislature First Regular Session - 2025

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 130, As Amended in the Senate, As Amended in the Senate

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO PROPERTY TAXES; AMENDING SECTION 63-602D, IDAHO CODE, TO REVISE PROVISIONS REGARDING PROPERTY TAX EXEMPTIONS FOR CERTAIN HOSPITALS AND TO MAKE A TECHNICAL CORRECTION; AND PROVIDING AN EFFECTIVE DATE.

5 Be It Enacted by the Legislature of the State of Idaho:

6 SECTION 1. That Section 63-602D, Idaho Code, be, and the same is hereby
7 amended to read as follows:

8 63-602D. PROPERTY EXEMPT FROM TAXATION -- CERTAIN HOSPITALS. (1) For
9 the purposes of this section, "hospital" means a hospital as defined by chap-
10 ter 13, title 39, Idaho Code, and includes ~~one (1) or more acute care, out-~~
11 ~~reach, satellite, outpatient, ancillary or support facilities of such hos-~~
12 ~~pital whether or not any such individual facility would independently sat-~~
13 ~~isfy the definition of hospital. nonprofit medical clinics as defined in~~
14 ~~section 39-1319, Idaho Code, and facilities designated by the centers for~~
15 ~~medicare and medicaid services of the federal department of health and human~~
16 ~~services as a critical access hospital or a rural emergency hospital.~~

17 (2) The following property is exempt from taxation: the real property
18 owned and personal property, including medical equipment, owned or leased
19 by a nonprofit hospital corporation or, a county hospital, a critical access
20 hospital, a rural emergency hospital, or a hospital district that is oper-
21 ated as a hospital and the necessary grounds used therewith. and personal
22 property, including medical equipment, owned or leased by a nonprofit hospi-
23 tal, a county hospital, or a hospital district that is located and used in a
24 hospital.

25 (3) If real property, not currently exempt from taxation, is being pre-
26 pared for use as a hospital, the value of the bare land only shall be taxed
27 while the property is being prepared for use as a hospital. All improvements
28 to and construction on the real property, while it is being prepared for use
29 as a hospital, shall be exempt from taxation. For purposes of this section,
30 property is being "prepared for use as a hospital" if the corporation has be-
31 gun construction of a hospital project as evidenced by obtaining a building
32 permit that will, on completion, qualify such property for an exemption and,
33 as of the assessment date, has not abandoned the construction. Construc-
34 tion shall not be considered abandoned if it has been delayed by causes and
35 circumstances beyond the corporation's control or when delay is caused by
36 an event that has occurred in the absence of the corporation's willful ne-
37 glect or intentional acts, omissions or practices engaged in by the corpora-
38 tion for the purpose of impeding progress. Notwithstanding the foregoing,
39 in no event shall improvements to property that is being prepared for use as
40 a hospital qualify for an exemption from ad valorem property tax under this
41 subsection for more than three (3) consecutive tax years; upon completion of
42 construction and obtaining a certificate of occupancy, the entire real prop-

1 ~~erty shall be exempt from taxation if the corporation meets the requirements~~
2 ~~of subsection (4) of this section; provided, property already exempt or el-~~
3 ~~igible for exemption shall not be affected by the provisions of this subsec-~~
4 ~~tion.~~

5 ~~(4) (3) The corporation In order to receive a property tax exemption, a~~
6 ~~nonprofit hospital must show that the hospital:~~

7 ~~(a) Is Provide documentation showing that it is organized as a non-~~
8 ~~profit corporation pursuant to chapter 30, title 30, Idaho Code, or~~
9 ~~pursuant to equivalent laws in its state of incorporation;~~

10 ~~(b) Has Provide documentation showing that it has received an exemp-~~
11 ~~tion from taxation from the internal revenue service pursuant to sec-~~
12 ~~tion 501(c) (3) of the Internal Revenue Code; ;~~

13 ~~(c) Provide a copy of its internal revenue service form 990 schedule H;~~
14 ~~and~~

15 ~~(d) For hospitals that are not facilities designated by the centers for~~
16 ~~medicare and medicaid services of the federal department of health and~~
17 ~~human services as critical access hospitals:~~

18 ~~(i) Provide a copy of its most recent community health needs as-~~
19 ~~sessment and its adopted implementation strategy to meet the com-~~
20 ~~munity health needs identified in the assessment as required by~~
21 ~~section 26 U.S.C. 501(r);~~

22 ~~(ii) Provide a copy of its written financial assistance policy and~~
23 ~~policy related to emergency medical care as required by section 26~~
24 ~~U.S.C. 501(r);~~

25 ~~(iii) Limit the amount charged for emergency or other medically~~
26 ~~necessary care provided to individuals eligible for assistance~~
27 ~~under its financial assistance policy pursuant to 26 U.S.C.~~
28 ~~501(r);~~

29 ~~(iv) Make reasonable efforts to determine whether an individual~~
30 ~~is eligible for its financial assistance policy before engaging~~
31 ~~in extraordinary collection actions pursuant to 26 U.S.C. 501(r);~~
32 ~~and~~

33 ~~(v) Provide a general public benefit to the county in which it is~~
34 ~~located as measured by its annual community benefit report filed~~
35 ~~with the board of equalization.~~

36 ~~(5) The board of equalization shall grant an exemption to the property~~
37 ~~of: (a) a county hospital; (b) a hospital district; or (c) any hospital cor-~~
38 ~~poration meeting the criteria provided in subsection (4) of this section.~~

39 ~~(6) (4) If a nonprofit hospital corporation uses property for business~~
40 ~~purposes from which a revenue is derived that is not directly related to~~
41 ~~the hospital corporation's nonprofit hospital's exempt purposes, then the~~
42 ~~property shall be assessed and taxed as any other property. If property is~~
43 ~~used in part by a nonprofit hospital corporation for such purposes, then~~
44 ~~the assessor shall determine the value of the entire property and the value~~
45 ~~of the part used that is not directly related to the hospital corporation's~~
46 ~~nonprofit hospital's exempt purposes. If the value of the part that is not~~
47 ~~directly related to the hospital corporation's nonprofit hospital's exempt~~
48 ~~purposes is determined to be three percent (3%) or less than the value of the~~
49 ~~entire property, then the property shall remain exempt. If the value of the~~
50 ~~part that is not directly related to the hospital corporation's nonprofit~~

1 hospital's exempt purposes is determined to be more than three percent (3%)
2 of the value of the entire property, then the assessor shall assess the pro-
3 portionate part of the property, including the value of the real estate used
4 for such purposes.

5 ~~(7) (5)~~ A nonprofit hospital ~~corporation~~ issued an exemption from prop-
6 erty taxation pursuant to this section and operating a hospital having one
7 hundred fifty (150) or more patient beds shall prepare a community benefits
8 report to be filed with the board of equalization by December 31 of each year.
9 The report shall include audited information and shall itemize ~~the~~:

- 10 (a) The nonprofit hospital's amount of unreimbursed services for the
11 prior year ~~(including from patients who are financially unable to pay~~
12 ~~for the cost of the care they received, charity care, bad debt, and un-~~
13 derreimbursed care covered through government programs); special
- 14 (b) Special services and programs the hospital provides below its ac-
15 tual cost; ~~donated~~
- 16 (c) Donated time, funds, subsidies, and in-kind services; ~~additions~~
- 17 (d) Additions to capital such as physical plant and equipment; ~~and in-~~
18 ~~dication of the~~
- 19 (e) The methodology used to determine how much the cost of care exceeds
20 government reimbursements for those services; ~~and~~
- 21 (f) The process the hospital has used to determine general community
22 needs that coincide with the hospital's mission. ~~The report shall be~~
23 ~~provided as a matter of community information. Neither the submission~~
24 ~~of the report nor the contents shall be a basis for the approval or de-~~
25 ~~nial of a corporation's property tax exemption.~~

26 SECTION 2. This act shall be in full force and effect on and after Jan-
27 uary 1, 2026.