

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.

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

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

63-602D. PROPERTY EXEMPT FROM TAXATION -- CERTAIN HOSPITALS. (1) For the purposes of this section, "hospital" means a hospital as defined by chapter 13, title 39, Idaho Code, and includes ~~one (1) or more acute care, outreach, satellite, outpatient, ancillary or support facilities of such hospital whether or not any such individual facility would independently satisfy the definition of hospital.~~ nonprofit medical clinics as defined in section 39-1319, Idaho Code, and facilities designated by the centers for medicare and medicaid services of the federal department of health and human services as a critical access hospital or a rural emergency hospital.

(2) The following property is exempt from taxation: the real property owned and personal property, ~~including medical equipment, owned or leased by a nonprofit hospital corporation or, a county hospital, a critical access hospital, a rural emergency hospital, or a hospital district that is operated as a hospital and the necessary grounds used therewith.~~ and personal property, including medical equipment, owned or leased by a nonprofit hospital, a county hospital, or a hospital district that is located and used in a hospital.

(3) ~~If real property, not currently exempt from taxation, is being prepared for use as a hospital, the value of the bare land only shall be taxed while the property is being prepared for use as a hospital. All improvements to and construction on the real property, while it is being prepared for use as a hospital, shall be exempt from taxation. For purposes of this section, property is being "prepared for use as a hospital" if the corporation has begun construction of a hospital project as evidenced by obtaining a building permit that will, on completion, qualify such property for an exemption and, as of the assessment date, has not abandoned the construction. Construction shall not be considered abandoned if it has been delayed by causes and circumstances beyond the corporation's control or when delay is caused by an event that has occurred in the absence of the corporation's willful neglect or intentional acts, omissions or practices engaged in by the corporation for the purpose of impeding progress. Notwithstanding the foregoing, in no event shall improvements to property that is being prepared for use as a hospital qualify for an exemption from ad valorem property tax under this subsection for more than three (3) consecutive tax years; upon completion of construction and obtaining a certificate of occupancy, the entire real prop-~~

erty shall be exempt from taxation if the corporation meets the requirements of subsection (4) of this section; provided, property already exempt or eligible for exemption shall not be affected by the provisions of this subsection.

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

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

(b) ~~Has~~ Provide documentation showing that it has received an exemption from taxation from the internal revenue service pursuant to section 501(c)(3) of the Internal Revenue Code;

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

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

(i) Provide a copy of its most recent community health needs assessment and its adopted implementation strategy to meet the community health needs identified in the assessment as required by section 26 U.S.C. 501(r);

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

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

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

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

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

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

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

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

(a) The nonprofit hospital's amount of unreimbursed services for the prior year ~~(including from patients who are financially unable to pay for the cost of the care they received, charity care, bad debt, and underreimbursed care covered through government programs); special~~

(b) Special services and programs the hospital provides below its actual cost; ~~donated~~

(c) Donated time, funds, subsidies, and in-kind services; ~~additions~~

(d) Additions to capital such as physical plant and equipment; ~~and indication of the~~

(e) The methodology used to determine how much the cost of care exceeds government reimbursements for those services; and

(f) The process the hospital has used to determine general community needs that coincide with the hospital's mission. ~~The report shall be provided as a matter of community information. Neither the submission of the report nor the contents shall be a basis for the approval or denial of a corporation's property tax exemption.~~

SECTION 2. This act shall be in full force and effect on and after January 1, 2026.