

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 110

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO PROPERTY TAXES; AMENDING SECTION 63-602D, IDAHO CODE, TO REVISE  
2 PROVISIONS REGARDING PROPERTY TAX EXEMPTIONS FOR CERTAIN HOSPITALS;  
3 AND PROVIDING AN EFFECTIVE DATE.  
4

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.

14 (2) The following property ~~is exempt~~ may, in the discretion of the board  
15 of equalization for the county in which the property lies, be exempted from  
16 taxation: the real property owned and personal property, including medical  
17 equipment, owned or leased by a hospital corporation or a county hospital or  
18 hospital district that is operated as a hospital and the necessary grounds  
19 used therewith.

20 ~~(3) If real property, not currently exempt from taxation, is being pre-~~  
21 ~~pared for use as a hospital, the value of the bare land only shall be taxed~~  
22 ~~while the property is being prepared for use as a hospital. All improvements~~  
23 ~~to and construction on the real property, while it is being prepared for use~~  
24 ~~as a hospital, shall be exempt from taxation. For purposes of this section,~~  
25 ~~property is being "prepared for use as a hospital" if the corporation has be-~~  
26 ~~gun construction of a hospital project as evidenced by obtaining a building~~  
27 ~~permit that will, on completion, qualify such property for an exemption and,~~  
28 ~~as of the assessment date, has not abandoned the construction. Construc-~~  
29 ~~tion shall not be considered abandoned if it has been delayed by causes and~~  
30 ~~circumstances beyond the corporation's control or when delay is caused by~~  
31 ~~an event that has occurred in the absence of the corporation's willful ne-~~  
32 ~~glect or intentional acts, omissions or practices engaged in by the corpora-~~  
33 ~~tion for the purpose of impeding progress. Notwithstanding the foregoing,~~  
34 ~~in no event shall improvements to property that is being prepared for use as~~  
35 ~~a hospital qualify for an exemption from ad valorem property tax under this~~  
36 ~~subsection for more than three (3) consecutive tax years; upon completion of~~  
37 ~~construction and obtaining a certificate of occupancy, the entire real prop-~~  
38 ~~erty shall be exempt from taxation if the corporation meets the requirements~~  
39 ~~of subsection (4) of this section; provided, property already exempt or el-~~  
40 ~~igible for exemption shall not be affected by the provisions of this subsec-~~  
41 ~~tion.~~

42 ~~(4)~~ (3) The corporation must show that the hospital:

1 (a) Is organized as a nonprofit corporation pursuant to chapter 30, ti-  
2 tle 30, Idaho Code, or pursuant to equivalent laws in its state of incor-  
3 poration; and

4 (b) Has received an exemption from taxation from the internal revenue  
5 service pursuant to section 501(c)(3) of the Internal Revenue Code.

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

9 ~~(6) (4) If a hospital corporation uses property for business purposes  
10 from which a revenue is derived that is not directly related to the hospital  
11 corporation's exempt purposes, then the property shall may be assessed and  
12 taxed as any other property. If property is used in part by a hospital corpo-  
13 ration for such purposes, then the board of equalization, in its discretion,  
14 may provide that the assessor shall determine the value of the entire prop-  
15 erty and the value of the part used that is not directly related to the hospi-  
16 tal corporation's exempt purposes. If the value of the part that is not di-  
17 rectly related to the hospital corporation's exempt purposes is determined  
18 to be three percent (3%) or less than the value of the entire property, then  
19 the property shall remain exempt. If the value of the part that is not di-  
20 rectly related to the hospital corporation's exempt purposes is determined  
21 to be more than three percent (3%) of the value of the entire property, then  
22 the assessor shall assess the proportionate part of the property, including  
23 the value of the real estate used for such purposes. The board of equaliza-  
24 tion may consider such information in determining whether to grant an exemp-  
25 tion and whether any such exemption shall be full or partial.~~

26 ~~(7) (5) A hospital corporation issued an exemption from property tax-  
27 ation pursuant to this section and operating a hospital having one hundred  
28 fifty (150) or more patient beds shall prepare a community benefits report  
29 to be filed with the board of equalization by December 31 of each year. The  
30 report shall itemize the hospital's amount of unreimbursed services for  
31 the prior year (including charity care, bad debt, and underreimbursed care  
32 covered through government programs); special services and programs the  
33 hospital provides below its actual cost; donated time, funds, subsidies and  
34 in-kind services; additions to capital such as physical plant and equipment;  
35 and indication of the process the hospital has used to determine general  
36 community needs that coincide with the hospital's mission. The report shall  
37 be provided as a matter of community information. Neither the submission of  
38 the report nor the contents shall be a basis for the approval or denial of a  
39 corporation's property tax exemption.~~

40 SECTION 2. This act shall be in full force and effect on and after Jan-  
41 uary 1, 2024.