

# ASSEMBLY, No. 2817

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 20, 2020

**Sponsored by:**

**Assemblywoman CAROL A. MURPHY**

**District 7 (Burlington)**

**SYNOPSIS**

Restores property tax exemption for nonprofit hospitals with on-site for-profit medical providers; requires these hospitals to pay community service contributions to host municipalities; establishes Nonprofit Hospital Community Service Contribution Study Commission.

**CURRENT VERSION OF TEXT**

As introduced.



A2817 MURPHY

2

1 AN ACT concerning the property tax status of nonprofit hospitals,  
2 supplementing chapter 48 of Title 40 and chapter 4 of Title 54 of  
3 the Revised Statutes, and amending R.S.54:4-3.6.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7

8 1. (New section) a. The owner of property used as an acute  
9 care hospital, which property is exempt from taxation pursuant to  
10 R.S.54:4-3.6 and section 2 of P.L. , c. (C. ) (pending before  
11 the Legislature as this bill), shall, except as otherwise provided  
12 under this section, annually be assessed a community service  
13 contribution to the municipality in which the licensed beds of the  
14 exempt acute care hospital are located and, in the case of a satellite  
15 emergency care facility, to the municipality in which such facility is  
16 located, which contributions shall be remitted to the municipalities  
17 to which the community service contributions are assessed.

18 b. (1) (a) The annual community service contribution required  
19 pursuant to subsection a. of this section shall be equal to \$2.50 a  
20 day for each licensed bed at the exempt acute care hospital property  
21 in the prior tax year, except that in the case of a satellite emergency  
22 care facility the contribution shall be equal to \$250 a day in the  
23 prior tax year for each such facility.

24 (b) For tax year 2019 and each tax year thereafter, the per day  
25 amount used to calculate an annual community service contribution  
26 for an acute care hospital and a satellite emergency care facility  
27 shall increase by two percent over the prior tax year. The  
28 Commissioner of Health shall promulgate annually the per day  
29 amount to apply for each tax year.

30 (2) (a) Up to seventy-five percent of the amount payable as an  
31 annual community service contribution pursuant to paragraph (1) of  
32 this subsection shall be reduced by the amount of any payments  
33 remitted to the municipality in which the licensed beds of the  
34 exempt acute care hospital or in which the satellite emergency care  
35 facility, as the case may be, are located pursuant to a voluntary  
36 agreement operative in the prior tax year between the owner and the  
37 municipality to compensate for public safety services.

38 (b) Up to twenty-five percent of the amount payable as an  
39 annual community service contribution pursuant to paragraph (1) of  
40 this subsection shall be reduced by the amount of any payments  
41 remitted to the municipality in which the licensed beds of the  
42 exempt acute care hospital or in which the satellite emergency care  
43 facility, as the case may be, are located pursuant to a voluntary  
44 agreement operative in the prior tax year between the owner and the  
45 municipality to compensate for the provision of affordable housing  
46 in the municipality.

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 (3) An annual community service contribution shall be payable  
2 in equal quarterly installments. The first installment shall be  
3 payable on February 1, the second installment on May 1, the third  
4 installment on August 1, and the fourth installment on November 1.

5 c. The obligation to remit a community service contribution  
6 pursuant to subsection a. of this subsection is legal, valid, and  
7 binding. If an annual community service contribution installment is  
8 not paid as and when due pursuant to subsection b. of this section,  
9 the unpaid balance shall constitute a municipal lien on the acute  
10 care hospital property after 30 days, and shall be enforced and  
11 collected in the same manner as unpaid property taxes.

12 d. Of the proceeds that a municipality receives from a  
13 community service contribution, including any interest accrued on  
14 any unpaid balance thereof, pursuant to this section, (1) seventy-  
15 five percent of that amount shall be used to fund police or fire  
16 protection; first aid, emergency, rescue, or ambulance services; any  
17 other public safety purpose; or to reduce the property tax levy; and  
18 (2) the remaining thirty percent of that amount shall be used for the  
19 provision of affordable housing in the municipality in accordance  
20 with regulations adopted by the Commissioner of Community  
21 Affairs, pursuant to the "Administrative Procedure Act," P.L.1968,  
22 c.410 (C.52:14B-1 et seq.).

23 e. A municipality that receives a community service  
24 contribution pursuant to subsection a. of this section, or a payment  
25 under a voluntary agreement that reduces the amount of such  
26 contribution pursuant to subparagraph (a) of paragraph (2) of  
27 subsection b. of this section, shall forthwith upon receipt remit five  
28 percent of the contribution or voluntary payment, as the case may  
29 be, reserved for the compensation of public safety services to the  
30 county in which the municipality is located.

31 f. An owner required to remit a community service  
32 contribution pursuant to subsection a. of this section may, by  
33 February 1, apply to the New Jersey Health Care Facilities  
34 Financing Authority in the Department of Health for the issuance of  
35 a certificate exempting the owner from that requirement for the  
36 current tax year for exempt property used as an acute care hospital,  
37 including a satellite emergency care facility, in a municipality, if  
38 that acute care hospital or satellite emergency care facility, as the  
39 case may be, is in financial distress or at risk of being in financial  
40 distress. At the same time such an application is made, the  
41 applicant owner shall provide notice to the chief financial officer of  
42 the municipality in which the acute care hospital or satellite  
43 emergency care facility that is the subject of the application is  
44 located.

45 An application pursuant to this subsection shall include the  
46 audited financial results for the acute care hospital or satellite  
47 emergency care facility from the prior tax year or other relevant  
48 financial records and proof that notice of the application was

1 provided to the chief financial officer of the municipality in which  
2 the acute care hospital or satellite emergency care facility that is the  
3 subject of the application is located. If audited financial results  
4 from the prior tax year are not available by February 1, a  
5 certification of the chief financial officer of the acute care hospital  
6 or satellite emergency care facility shall be submitted by that date,  
7 and audited financial results shall be submitted within 15 days of  
8 such results being completed.

9 The authority shall issue a determination on an application  
10 submitted pursuant to this subsection by April 1, or within 60 days  
11 of receipt of the audited financial results if such results are  
12 submitted after February 1. In making such determination, the  
13 authority may consider factors including, but not limited to,  
14 whether the acute care hospital or satellite emergency care facility  
15 had a negative operating margin in the prior tax year based on the  
16 audited financial results from that tax year, whether the owner is not  
17 in full compliance with the financial terms of any bond covenants  
18 related to the acute care hospital or satellite emergency care facility,  
19 the overall financial health of the hospital system if the acute care  
20 hospital or satellite emergency care facility is part of a hospital  
21 system responsible for the debts and liabilities of the acute care  
22 hospital or satellite emergency care facility, or whether the acute  
23 care hospital or satellite emergency care facility is a safety net  
24 hospital or facility.

25 If the authority determines that an acute care hospital or satellite  
26 emergency care facility that is the subject of an application  
27 submitted pursuant to this subsection is in financial distress or at  
28 risk of being in financial distress, the authority shall grant the  
29 application and issue a certificate exempting the owner from the  
30 community service contribution otherwise required for the acute  
31 care hospital or satellite emergency care facility to the municipal  
32 tax collector of the municipality otherwise owed the contribution.  
33 A certificate issued pursuant to this subsection shall be valid for the  
34 current tax year.

35 If the authority denies an application, any community service  
36 contribution owing shall bear interest from the original payment  
37 date pursuant to subsection c. of this section.

38 g. The Commissioner of Health, in consultation with the New  
39 Jersey Health Care Facilities Financing Authority in the Department  
40 of Health and the Director of the Division of Local Government  
41 Services in the Department of Community Affairs, shall, by January  
42 1, 2019, adopt regulations necessary to effectuate the provisions of  
43 this section pursuant to the "Administrative Procedure Act,"  
44 P.L.1968, c.410 (C.52:14B-1 et seq.), which shall include specific  
45 guidelines for what constitutes being in financial distress or at risk  
46 of being in financial distress for purposes of qualifying for an  
47 exemption certificate pursuant to subsection f. of this section.

48 h. As used in this section:

1       “Acute care hospital” means a hospital, other than a hospital the  
2 property of which is exempt from taxation pursuant to R.S.54:4-3.3,  
3 which maintains and operates organized facilities and services as  
4 approved and licensed by the Department of Health for the  
5 diagnosis, treatment, or care of persons suffering from acute illness,  
6 injury, or deformity and in which all diagnosis, treatment, and care  
7 are administered by or performed under the direction of persons  
8 licensed to practice medicine or osteopathy in the State of New  
9 Jersey, and includes all land and buildings that are used in the  
10 delivery of health care services by such hospital and its medical  
11 providers or that are used for the management, maintenance,  
12 administration, and security of such hospital and its medical  
13 providers, and any satellite emergency care facility of such hospital.

14       “Licensed bed” means one of the total number of acute care beds  
15 for which an acute care hospital is approved for patient care by the  
16 Commissioner of Health.

17       “Medical provider” means an individual or entity which, acting  
18 within the scope of a licensure or certification, provides health care  
19 services, and includes, but is not limited to, a physician, physician  
20 assistant, psychologist, pharmacist, dentist, nurse, paramedic,  
21 respiratory care practitioner, medical or laboratory technician,  
22 ambulance or emergency medical worker, orthotist or prosthetist,  
23 radiological or other diagnostic service facility, bioanalytical  
24 laboratory, health care facility, and further includes administrative  
25 support staff of the individual or entity.

26       “Owner” means an association or corporation organized as a  
27 nonprofit pursuant to Title 15 of the Revised Statutes or Title 15A  
28 of the New Jersey Statutes exclusively for hospital purposes that  
29 owns an acute care hospital.

30       “Satellite emergency care facility” means a facility, which is  
31 owned and operated by an acute care hospital, and which provides  
32 emergency care and treatment for patients.

33

34       2. (New section) a. There is established, in but not of the  
35 Department of Health, a commission to be known as the Nonprofit  
36 Hospital Community Service Contribution Study Commission. The  
37 commission shall consist of nine members as follows: the  
38 Commissioner of Health, ex officio; two members of the Senate to  
39 be appointed by the President of the Senate, who shall not both be  
40 of the same political party; two members of the Assembly to be  
41 appointed by the Speaker of the Assembly, who shall not both be of  
42 the same political party; two members, appointed by the Governor,  
43 who are mayors of municipalities receiving community service  
44 contributions pursuant to section 1 of P.L.     , c.     (C.     )  
45 (pending before the Legislature as this bill); and two members,  
46 appointed by the Governor, who are chief executive officers of  
47 nonprofit hospitals assessed community service contributions  
48 pursuant to section 1 of P.L.     , c.     (C.     ) (pending before the

A2817 MURPHY

1 Legislature as this bill). Each member may designate a  
2 representative to attend meetings of the commission, and each  
3 designee may lawfully vote and otherwise act on behalf of the  
4 member who designated that individual to serve as a designee. The  
5 members shall serve for terms of three years, commencing on the  
6 date of appointment, and may be reappointed. Vacancies in the  
7 membership of the commission shall be filled in the same manner  
8 as the original appointments.

9 b. The members shall be appointed within 60 days following  
10 the effective date of P.L. , c. (C. ) (pending before the  
11 Legislature as this bill). The commission shall organize as soon as  
12 practicable after the appointment of its members and shall select a  
13 chair and a treasurer from among its members, and a secretary who  
14 need not be a member of the commission. The presence of five  
15 members of the commission shall constitute a quorum. The  
16 commission may conduct business without a quorum, but may only  
17 vote on the issuance of the report required to be submitted to the  
18 Governor and the Legislature pursuant to subsection e. of this  
19 section, and on any recommendations, when a quorum is present.

20 c. All commission members shall serve without compensation,  
21 but shall be eligible for reimbursement of necessary and reasonable  
22 expenses incurred in the performance of their official duties within  
23 the limits of funds appropriated or otherwise made available to the  
24 commission for its purposes.

25 d. The commission may meet and hold public hearings at the  
26 place or places it designates during the sessions or recesses of the  
27 Legislature.

28 e. The commission shall study the implementation of P.L. ,  
29 c. (C. ) (pending before the Legislature as this bill) and shall  
30 issue a report to the Governor and the Legislature, pursuant to  
31 section 2 of P.L.1991, c.164 (C.52:14-19.1), every three years from  
32 the effective date of P.L. , c. (C. ) (pending before the  
33 Legislature as this bill); provided, however, that the initial report  
34 shall be issued within one year following the effective date. The  
35 report shall include an analysis of the financial impact of P.L. , c.  
36 (C. ) (pending before the Legislature as this bill) on both  
37 nonprofit hospitals assessed community service contributions  
38 thereunder and the municipalities receiving such contributions, the  
39 adequacy of the amount of the community service contributions,  
40 and an analysis of the administration and equity of these  
41 contributions. The report shall include any recommendations that  
42 the commission determines would improve the administration,  
43 equity, or any other aspect of the nonprofit hospital community  
44 service contribution system established by P.L. , c. (C. )  
45 (pending before the Legislature as this bill), and shall include an  
46 assessment of the adequacy of the amount of the community service  
47 contributions.

1       3. (New section) a. Property, including land and buildings,  
2 used as an acute care hospital, which is owned by an association or  
3 corporation organized as a nonprofit association or corporation  
4 pursuant to Title 15 of the Revised Statutes or Title 15A of the New  
5 Jersey Statutes exclusively for hospital purposes, shall be exempt  
6 from taxation, provided that, except in the case of a lease to or use  
7 by a profit-making medical provider for medical purposes, if any  
8 portion of the property is leased to a profit-making organization or  
9 otherwise used for purposes which are not themselves exempt from  
10 taxation, that portion shall be subject to taxation and the remaining  
11 portion only shall be exempt from taxation. If any portion of an  
12 acute care hospital is leased to or otherwise used by a profit-making  
13 medical provider for medical purposes, that portion shall be exempt  
14 from taxation.

15       b. The owner of property used as an acute care hospital exempt  
16 from taxation pursuant to subsection a. of this section shall be  
17 assessed a community service contribution pursuant to section 1 of  
18 P.L. , c. (C. ) (pending before the Legislature as this bill).

19       c. As used in this section:

20       “Acute care hospital” means a hospital which maintains and  
21 operates organized facilities and services as approved and licensed  
22 by the Department of Health for the diagnosis, treatment, or care of  
23 persons suffering from acute illness, injury, or deformity and in  
24 which all diagnosis, treatment, and care are administered by or  
25 performed under the direction of persons licensed to practice  
26 medicine or osteopathy in the State of New Jersey, and includes all  
27 land and buildings that are used in the delivery of health care  
28 services by such hospital and its medical providers or that are used  
29 for the management, maintenance, administration, and security of  
30 such hospital and its medical providers, and any satellite emergency  
31 care facility of such hospital.

32       “Medical provider” means an individual or entity which, acting  
33 within the scope of a licensure or certification, provides health care  
34 services, and includes, but is not limited to, a physician, physician  
35 assistant, psychologist, pharmacist, dentist, nurse, paramedic,  
36 respiratory care practitioner, medical or laboratory technician,  
37 ambulance or emergency medical worker, orthotist or prosthetist,  
38 radiological or other diagnostic service facility, bioanalytical  
39 laboratory, health care facility, and further includes administrative  
40 support staff of the individual or entity.

41       “Satellite emergency care facility” means a facility, which is  
42 owned and operated by an acute care hospital, and which provides  
43 emergency care and treatment for patients.

44

45       4. (New section) For tax years 2016 and 2017, property that  
46 would have been exempt from taxation pursuant to R.S.54:4-3.6 and  
47 section 2 of P.L. , c. (C. ) (pending before the Legislature  
48 as this bill), had P.L. , c. (C. ) (pending before the

A2817 MURPHY

1 Legislature as this bill) been effective in those tax years, shall not  
2 be assessed as omitted property pursuant to P.L.1947, c.413  
3 (C.54:4-63.12 et seq.). This section shall apply to the omitted  
4 assessment of such property that is the subject of litigation that is  
5 pending or that may be subject to appeal before the county board of  
6 taxation, the tax court, or any other court on or after the effective  
7 date of P.L. , c. (C. ) (pending before the Legislature as this  
8 bill).

9

10 5. R.S.54:4-3.6 is amended to read as follows:

11 54:4-3.6. The following property shall be exempt from taxation  
12 under this chapter: all buildings actually used for colleges, schools,  
13 academies or seminaries, provided that if any portion of such  
14 buildings are leased to profit-making organizations or otherwise  
15 used for purposes which are not themselves exempt from taxation,  
16 said portion shall be subject to taxation and the remaining portion  
17 only shall be exempt; all buildings actually used for historical  
18 societies, associations or exhibitions, when owned by the State,  
19 county or any political subdivision thereof or when located on land  
20 owned by an educational institution which derives its primary  
21 support from State revenue; all buildings actually and exclusively  
22 used for public libraries, asylum or schools for adults and children  
23 with intellectual disabilities; all buildings used exclusively by any  
24 association or corporation formed for the purpose and actually  
25 engaged in the work of preventing cruelty to animals; all buildings  
26 actually and exclusively used and owned by volunteer first-aid  
27 squads, which squads are or shall be incorporated as associations  
28 not for pecuniary profit; all buildings actually used in the work of  
29 associations and corporations organized exclusively for the moral  
30 and mental improvement of men, women and children, provided  
31 that if any portion of a building used for that purpose is leased to  
32 profit-making organizations or is otherwise used for purposes which  
33 are not themselves exempt from taxation, that portion shall be  
34 subject to taxation and the remaining portion only shall be exempt;  
35 all buildings actually used in the work of associations and  
36 corporations organized exclusively for religious purposes, including  
37 religious worship, or charitable purposes, provided that if any  
38 portion of a building used for that purpose is leased to a profit-  
39 making organization or is otherwise used for purposes which are not  
40 themselves exempt from taxation, that portion shall be subject to  
41 taxation and the remaining portion shall be exempt from taxation,  
42 and provided further that if any portion of a building is used for a  
43 different exempt use by an exempt entity, that portion shall also be  
44 exempt from taxation; all buildings actually used in the work of  
45 associations and corporations organized exclusively for hospital  
46 purposes, provided that , except in the case of an acute care hospital  
47 as provided in section 3 of P.L. , c. (C. ) (pending before  
48 the Legislature as this bill), if any portion of a building used for



A2817 MURPHY

1 hospital purposes is leased to profit-making organizations or  
2 otherwise used for purposes which are not themselves exempt from  
3 taxation, that portion shall be subject to taxation and the remaining  
4 portion only shall be exempt; all buildings owned or held by an  
5 association or corporation created for the purpose of holding the  
6 title to such buildings as are actually and exclusively used in the  
7 work of two or more associations or corporations organized  
8 exclusively for the moral and mental improvement of men, women  
9 and children; all buildings owned by a corporation created under or  
10 otherwise subject to the provisions of Title 15 of the Revised  
11 Statutes or Title 15A of the New Jersey Statutes and actually and  
12 exclusively used in the work of one or more associations or  
13 corporations organized exclusively for charitable or religious  
14 purposes, which associations or corporations may or may not pay  
15 rent for the use of the premises or the portions of the premises used  
16 by them; the buildings, not exceeding two, actually occupied as a  
17 parsonage by the officiating clergymen of any religious corporation  
18 of this State, together with the accessory buildings located on the  
19 same premises; the land whereon any of the buildings hereinbefore  
20 mentioned are erected, and which may be necessary for the fair  
21 enjoyment thereof, and which is devoted to the purposes above  
22 mentioned and to no other purpose and does not exceed five acres in  
23 extent; the furniture and personal property in said buildings if used  
24 in and devoted to the purposes above mentioned; all property owned  
25 and used by any nonprofit corporation in connection with its  
26 curriculum, work, care, treatment and study of men, women, or  
27 children with intellectual disabilities shall also be exempt from  
28 taxation, provided that such corporation conducts and maintains  
29 research or professional training facilities for the care and training  
30 of men, women, or children with intellectual disabilities; provided,  
31 in case of all the foregoing except for an acute care hospital , the  
32 buildings, or the lands on which they stand, or the associations,  
33 corporations or institutions using and occupying them as aforesaid,  
34 are not conducted for profit, except that the exemption of the  
35 buildings and lands used for charitable, benevolent or religious  
36 purposes shall extend to cases where the charitable, benevolent or  
37 religious work therein carried on is supported partly by fees and  
38 charges received from or on behalf of beneficiaries using or  
39 occupying the buildings; provided the building is wholly controlled  
40 by and the entire income therefrom is used for said charitable,  
41 benevolent or religious purposes; and any tract of land purchased  
42 pursuant to subsection (n) of section 21 of P.L.1971, c.199  
43 (C.40A:12-21), and located within a municipality, actually used for  
44 the cultivation and sale of fresh fruits and vegetables and owned by  
45 a duly incorporated nonprofit organization or association which  
46 includes among its principal purposes the cultivation and sale of  
47 fresh fruits and vegetables, other than a political, partisan, sectarian,  
48 denominational or religious organization or association. The

1 foregoing exemption shall apply only where the association,  
2 corporation or institution claiming the exemption owns the property  
3 in question and is incorporated or organized under the laws of this  
4 State and authorized to carry out the purposes on account of which  
5 the exemption is claimed or where an educational institution, as  
6 provided herein, has leased said property to a historical society or  
7 association or to a corporation organized for such purposes and  
8 created under or otherwise subject to the provisions of Title 15 of  
9 the Revised Statutes or Title 15A of the New Jersey Statutes.

10 As used in this section ["hospital"] :

11 "Acute care hospital" means the same as that term is defined in  
12 section 3 of P.L. , c. (C. ) (pending before the Legislature  
13 as this bill).

14 "Hospital purposes" includes acute care hospitals, health care  
15 facilities for the elderly, such as nursing homes; residential health  
16 care facilities; assisted living residences; facilities with a Class C  
17 license pursuant to P.L.1979, c.496 (C.55:13B-1 et al.), the  
18 "Rooming and Boarding House Act of 1979"; similar facilities that  
19 provide medical, nursing or personal care services to their residents;  
20 and that portion of the central administrative or service facility of a  
21 continuing care retirement community that is reasonably allocable  
22 as a health care facility for the elderly.

23 (cf: P.L.2011, c.171, s.4)

24  
25 6. This act shall take effect on January 1, 2018, except that the  
26 Commissioner of Health may take any anticipatory administrative  
27 action in advance as shall be necessary for the implementation of  
28 this act and that section 4 of the bill shall apply to tax years 2016  
29 and 2017 only.

30  
31  
32 STATEMENT

33  
34 This bill would restore the property tax exempt status of a  
35 nonprofit hospital with for-profit medical providers on site as long  
36 as the hospital remains organized as a nonprofit institution under  
37 State law, and would require these nonprofit hospitals to, in lieu of  
38 property taxes, pay an annual community service contribution to  
39 their host municipalities. The bill would clarify that complex,  
40 modern nonprofit hospitals, which provide nonprofit medical  
41 services while also hosting for-profit medical activities, remain  
42 exempt from property taxation for the portions of hospital property  
43 used for medical purposes, but are responsible for providing some  
44 financial support to their host communities to offset the costs of  
45 public safety services, such as police and fire safety services, as  
46 well as the costs of providing affordable housing, all of which  
47 directly benefit these hospitals and their employees. This bill

1 would establish a clear and predictable system in which nonprofit  
2 hospitals make a reasonable contribution to their host communities.

3 In a 2015 decision, the Tax Court held that a nonprofit hospital  
4 was not entitled to a property tax exemption because nonprofit and  
5 for-profit medical services were provided throughout the hospital in  
6 a commingled manner that did not allow taxing authorities to  
7 distinguish taxable for-profit uses of the hospital property from tax-  
8 exempt nonprofit uses of the property. Since for-profit medical  
9 services are commonly provided at nonprofit hospitals,  
10 municipalities began challenging the property tax exempt status  
11 held by other nonprofit hospitals, creating uncertainty and questions  
12 of fairness over the tax obligations of these non-profit hospitals.  
13 This bill would eliminate any uncertainty over the property tax  
14 status of nonprofit hospitals that lease space to or share space with  
15 for-profit medical providers, but still qualify as nonprofit  
16 institutions, while ensuring that a readily calculable fair share  
17 contribution is made to the host communities that expend  
18 significant sums providing essential services that benefit these  
19 hospitals. Any voluntary payments made by a nonprofit hospital for  
20 the same purposes would count towards the obligation to provide a  
21 community service contribution.

22 The bill requires municipalities to provide five percent of a  
23 nonprofit hospital community service contribution, or voluntary  
24 payment that counts against such contribution, to the county in  
25 which the municipality is located to offset public safety services  
26 expenses borne by the county which benefit the hospital.

27 The bill also permits a nonprofit hospital to apply to the New  
28 Jersey Health Care Facilities Financing Authority for an exemption  
29 from a community service contribution if the hospital or its satellite  
30 emergency care facility is in financial distress or at risk of being in  
31 financial distress. Notice of such an application is required to be  
32 provided to the municipality in which the hospital or satellite  
33 emergency care facility that is the subject of the application is  
34 located.

35 Hospitals owned by the State or any political subdivision thereof  
36 are not subject to the community service contribution required by  
37 the bill.

38 The bill also establishes a permanent commission, known as the  
39 Nonprofit Hospital Community Service Contribution Study  
40 Commission, to study and issue a report, every three years, on the  
41 community service contribution system created by the bill. The  
42 initial report is due within one year of the effective date of the bill.  
43 The report may include any recommendations on how to improve  
44 the administration, fairness, or any other aspect of this system, but  
45 must include an assessment of the adequacy of the amount of the  
46 community service contributions.

47 The bill prohibits the assessment of a nonprofit hospital as an  
48 omitted property for tax years 2016 and 2017.