

## CHAPTER 17

AN ACT concerning property tax exemptions, supplementing chapter 48 of Title 40 and chapter 4 of Title 54 of the Revised Statutes, and amending R.S.54:4-3.6 and R.S.54:3-21.

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

C.40:48J-1 Assessment of community service contribution for certain tax exempt property owners; definitions.

1. a. (1) The owner of property used as a hospital or a satellite emergency care facility, which is exempt from taxation pursuant to section 3 of P.L.2021, c.17 (C.54:4-3.6j), shall annually be assessed a community service contribution to the municipality in which the licensed beds of the hospital are located and, in the case of a satellite emergency care facility, to the municipality in which such facility is located. These contributions shall be remitted directly to the municipalities in which the contributions are assessed.

(2) If a hospital and municipality have entered into a voluntary agreement prior to the enactment of P.L.2021, c.17 (C.40:48J-1 et al.), the hospital shall be required to pay the greater of the community service contribution required under paragraph (1) of subsection b. of this section, or the amount agreed upon in a voluntary agreement for the duration of the agreement between the municipality and the hospital.

(3) Nothing in this section shall be construed to prohibit a municipality and a hospital from entering into a voluntary agreement requiring additional payments by the hospital to the municipality pursuant to this section.

b. (1) For tax year 2021, the annual community service contribution required pursuant to this section shall, for a hospital, be equal to \$3 a day for each licensed bed at the hospital in the prior tax year, and shall, for a satellite emergency care facility, be equal to \$300 for each day in the prior tax year. For tax year 2022 and each tax year thereafter, the per day amount used to calculate an annual community service contribution for a hospital and a satellite emergency care facility shall increase by two percent over the prior tax year. The Commissioner of Health shall annually promulgate the per day amount to apply for each tax year. For the purposes of this subsection, the number of licensed beds per hospital shall not be less than the number of such beds in existence on January 1, 2020.

(2) An annual community service contribution shall be reduced by an amount equal to the sum of any payments remitted to the municipality in which the licensed beds of the hospital or satellite emergency care facility, as the case may be, is located, pursuant to a voluntary agreement operative in the prior tax year between the owner and the municipality to compensate for any municipal services benefitting the occupants and premises of the hospital or satellite emergency care facility.

(3) An annual community service contribution shall be payable in equal quarterly installments. The installments shall be payable on February 1, May 1, August 1, and November 1.

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

d. A municipality that receives an annual community service contribution installment pursuant to this section, or a payment under a voluntary agreement that reduces the amount of such contribution pursuant to paragraph (2) of subsection b. of this section, shall forthwith, upon receipt, remit five percent of the installment or voluntary payment, as the case may be, to the county in which the municipality is located.

e. The Commissioner of Health, in consultation with the New Jersey Health Care Facilities Financing Authority in the Department of Health and the Director of the Division of Local Government Services in the Department of Community Affairs, shall, by the first day of the fourth month next following the enactment of P.L.2021, c.17 (C.40:48J-1 et al.), adopt regulations necessary to effectuate the provisions of this section pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

f. Notwithstanding any other provision of this section to the contrary, an owner of property used as a hospital shall be exempt from remitting an annual community service contribution for the hospital if the owner certifies to the Department of Health that, in the prior year, the hospital did not bill any patient for inpatient or outpatient professional or technical services rendered at the hospital and the hospital has provided community benefit over the preceding three years for which the hospital has filed such forms averaging at least 12 percent of the hospital's total expenses, as documented on IRS Form 990, Schedule H, part 1, line 7K, column F. The hospital shall file a copy of the documentation as enumerated in this subsection with the municipal tax assessor on or before December 1 of the pre-tax year. Upon receipt of a copy of the documentation, the tax assessor shall notify the hospital, on or before December 31, that it is exempt from payment of the community service contribution for the tax year commencing January 1.

g. As used in this section:

"Hospital" means a general acute care hospital licensed pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.), which maintains and operates organized facilities and services as approved and licensed by the Department of Health for the diagnosis, treatment, or care of persons suffering from acute illness, injury, or deformity and in which all diagnosis, treatment, and care are administered by or performed under the direction of persons licensed to practice medicine or osteopathy in the State, and includes all land and buildings that are used in the delivery of health care services by such hospital and its medical providers or that are used for the management, maintenance, administration, support, and security of such hospital and its medical providers. "Hospital" shall not include a hospital owned or operated by a federal, State, regional, or local government entity, directly or as an instrumentality thereof.

"Licensed bed" means one of the total number of acute care beds for which an acute care hospital is approved for patient care by the Commissioner of Health, excluding skilled nursing, psychiatric, sub-acute, and newborn beds, and further excluding any acute care beds not commissioned for use.

"Medical provider" means an individual or entity which, acting within the scope of a licensure or certification, provides health care services, and includes, but is not limited to, a physician, physician assistant, psychologist, pharmacist, dentist, nurse, nurse practitioner, social worker, paramedic, respiratory care practitioner, medical or laboratory technician, ambulance or emergency medical worker, orthotist or prosthetist, radiological or other diagnostic service facility, bioanalytical laboratory, health care facility, or other limited licensed health care professional, and further includes administrative support staff of the individual or entity.

"Owner" means an association or corporation organized as a nonprofit entity pursuant to Title 15 of the Revised Statutes or Title 15A of the New Jersey Statutes exclusively for hospital purposes that owns a hospital.

"Satellite emergency care facility" means a facility, which is owned and operated by a hospital, and which provides emergency care and treatment for patients.

"Voluntary agreement" means any payment in lieu of taxes agreement or other agreement entered into between the owner of the property and the municipality for the purpose of compensating the municipality for any municipal services the municipality provides to the hospital.

## C.40:48J-2 Nonprofit Hospital Community Service Contribution Study Commission.

2. a. There is established, in but not of the Department of Health, a commission to be known as the Nonprofit Hospital Community Service Contribution Study Commission. The commission shall consist of ten members as follows: the Commissioner of Health, ex officio; the Director of the Division of Local Government Services in the Department of Community Affairs, ex officio; two members of the Senate to be appointed by the President of the Senate, who shall not both be of the same political party; two members of the General Assembly to be appointed by the Speaker of the General Assembly, who shall not both be of the same political party; two members, appointed by the Governor, who are mayors of municipalities entitled to receive annual community service contributions pursuant to section 1 of P.L.2021, c.17 (C.40:48J-1); and two members, appointed by the Governor, who are chief executive officers of hospitals assessed annual community service contributions pursuant to section 1 of P.L.2021, c.17 (C.40:48J-1). Each member may designate a representative to attend meetings of the commission, and each designee may lawfully vote and otherwise act on behalf of the member who designated that individual to serve as a designee. The members shall serve for terms of three years, commencing on the date of appointment, and may be reappointed. Vacancies in the membership of the commission shall be filled for the unexpired terms in the same manner as the original appointments.

b. The members shall be appointed within 60 days following the effective date of this section. The commission shall organize as soon as practicable after the appointment of a majority of its members and shall select a chair and a treasurer from among its members, and a secretary who need not be a member of the commission. The presence of six members of the commission shall constitute a quorum. The commission may conduct business without a quorum, but may only vote on the issuance of the report required to be submitted to the Governor and the Legislature pursuant to subsection e. of this section, and on any recommendations, when a quorum is present.

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

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

e. The commission shall study the implementation of P.L.2021, c.17 (C.40:48J-1 et al.) and shall issue a report to the Governor and the Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), every three years from the effective date of this section; provided, however, that the initial report shall be issued within one year following that effective date. The reports shall include: (1) an analysis of the financial impact of P.L.2021, c.17 (C.40:48J-1 et al.) on both hospitals and satellite emergency care facilities assessed annual community service contributions thereunder and the municipalities receiving such contributions; (2) an assessment of the adequacy of the amount of the annual community service contributions; (3) an analysis of the administration and equity of these contributions; and (4) any recommendations that the commission determines would improve the administration, equity, or any other aspect of the annual community service contribution system established by P.L.2021, c.17 (C.40:48J-1 et al.).

## C.54:4-3.6j Exemption from taxation for certain properties used as hospital or satellite emergency care facility; definitions.

3. a. Property, including land and buildings, used as a hospital or a satellite emergency care facility, which is owned by an association or corporation organized as a nonprofit entity pursuant to Title 15 of the Revised Statutes or Title 15A of the New Jersey Statutes exclusively for hospital purposes, shall be exempt from taxation, provided that, except as provided in subsection b. of this

section, if any portion of the property is leased to a profit-making organization or otherwise used for purposes which are not themselves exempt from taxation, that portion shall be subject to taxation and the remaining portion only shall be exempt from taxation.

b. If any portion of a hospital or a satellite emergency care facility is leased to or otherwise used by a profit-making medical provider for medical purposes related to the delivery of health care services directly to the hospital, that portion shall be exempt from taxation, provided that the portion of the hospital or satellite emergency care facility is used exclusively for hospital purposes.

c. The owner of property exempt from taxation pursuant to subsection a. of this section shall be assessed an annual community service contribution pursuant to section 1 of P.L.2021, c.17 (C.40:48J-1).

d. As used in this section:

“Hospital” means a general acute care hospital licensed pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.), which maintains and operates organized facilities and services as approved and licensed by the Department of Health for the diagnosis, treatment, or care of persons suffering from acute illness, injury, or deformity and in which all diagnosis, treatment, and care are administered by or performed under the direction of persons licensed to practice medicine or osteopathy in the State, and includes all land and buildings that are used in the delivery of health care services by such hospital and its medical providers or that are used for the management, maintenance, administration, support, and security of such hospital and its medical providers. “Hospital” shall not include a hospital owned or operated by a federal, State, regional, or local government entity, directly or as an instrumentality thereof.

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

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

4. For tax years 2014, 2015, 2016, 2017, 2018, 2019, and 2020, property that would have been exempt from taxation pursuant to section 3 of P.L.2021, c.17 (C.54:4-3.6j), had that section been effective in those tax years, shall not be assessed as an omitted assessment pursuant to P.L.1947, c.413 (C.54:4-63.12 et seq.) or as a regular assessment pursuant to R.S.54:4-1. This section shall apply to all property owned by an association or corporation organized as a nonprofit entity pursuant to Title 15 of the Revised Statutes or Title 15A of the New Jersey Statutes exclusively for hospital purposes, whether or not assessed as an omitted assessment or a regular assessment, as well as the omitted assessments or regular assessments of such property that is the subject of litigation that is pending or that may be subject to appeal before the county board of taxation, the tax court, or any other court on or after the date of enactment of P.L.2021, c.17 (C.40:48J-1 et al.). Nothing in this section shall be construed to require a municipality to refund any taxes paid on such property as a result of such omitted assessments or regular assessments pursuant to any previous settlement of litigation or other agreement for tax years 2014, 2015, 2016, 2017, 2018, 2019, and 2020.

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

Tax exempt property.

54:4-3.6. The following property shall be exempt from taxation under this chapter: all buildings actually used for colleges, schools, academies or seminaries, provided that if any portion of such buildings are leased to profit-making organizations or otherwise used for purposes which are not themselves exempt from taxation, said portion shall be subject to taxation and the remaining portion only shall be exempt; all buildings actually used for historical societies, associations or exhibitions, when owned by the State, county or any political subdivision thereof or when located on land owned by an educational institution which derives its primary support from State revenue; all buildings actually and exclusively used for public libraries, asylum or schools for adults and children with intellectual disabilities; all buildings used exclusively by any association or corporation formed for the purpose and actually engaged in the work of preventing cruelty to animals; all buildings actually and exclusively used and owned by volunteer first-aid squads, which squads are or shall be incorporated as associations not for pecuniary profit; all buildings actually used in the work of associations and corporations organized exclusively for the moral and mental improvement of men, women and children, provided that if any portion of a building used for that purpose is leased to profit-making organizations or is otherwise used for purposes which are not themselves exempt from taxation, that portion shall be subject to taxation and the remaining portion only shall be exempt; all buildings actually used in the work of associations and corporations organized exclusively for religious purposes, including religious worship, or charitable purposes, provided that if any portion of a building used for that purpose is leased to a profit-making organization or is otherwise used for purposes which are not themselves exempt from taxation, that portion shall be subject to taxation and the remaining portion shall be exempt from taxation, and provided further that if any portion of a building is used for a different exempt use by an exempt entity, that portion shall also be exempt from taxation; all buildings, other than those exempt from taxation pursuant to section 3 of P.L.2021, c.17 (C.54:4-3.6j), actually used in the work of associations and corporations organized exclusively for hospital purposes, provided that if any portion of a building used for hospital purposes is leased to profit-making organizations or otherwise used for purposes which are not themselves exempt from taxation, that portion shall be subject to taxation and the remaining portion only shall be exempt; all buildings owned or held by an association or corporation created for the purpose of holding the title to such buildings as are actually and exclusively used in the work of two or more associations or corporations organized exclusively for the moral and mental improvement of men, women and children; all buildings owned by a corporation created under or otherwise subject to the provisions of Title 15 of the Revised Statutes or Title 15A of the New Jersey Statutes and actually and exclusively used in the work of one or more associations or corporations organized exclusively for charitable or religious purposes, which associations or corporations may or may not pay rent for the use of the premises or the portions of the premises used by them; the buildings, not exceeding two, actually occupied as a parsonage by the officiating clergymen of any religious corporation of this State, together with the accessory buildings located on the same premises; the land whereon any of the buildings hereinbefore mentioned are erected, and which may be necessary for the fair enjoyment thereof, and which is devoted to the purposes above mentioned and to no other purpose and does not exceed five acres in extent; the furniture and personal property in said buildings if used in and devoted to the purposes above mentioned; all property owned and used by any nonprofit corporation in connection with its curriculum, work, care, treatment and study of men, women, or children with intellectual disabilities shall also be exempt from taxation, provided that such corporation

conducts and maintains research or professional training facilities for the care and training of men, women, or children with intellectual disabilities; provided, in case of all the foregoing, the buildings, or the lands on which they stand, or the associations, corporations or institutions using and occupying them as aforesaid, are not conducted for profit, except that the exemption of the buildings and lands used for charitable, benevolent or religious purposes shall extend to cases where the charitable, benevolent or religious work therein carried on is supported partly by fees and charges received from or on behalf of beneficiaries using or occupying the buildings; provided the building is wholly controlled by and the entire income therefrom is used for said charitable, benevolent or religious purposes; and any tract of land purchased pursuant to subsection (n) of section 21 of P.L.1971, c.199 (C.40A:12-21), and located within a municipality, actually used for the cultivation and sale of fresh fruits and vegetables and owned by a duly incorporated nonprofit organization or association which includes among its principal purposes the cultivation and sale of fresh fruits and vegetables, other than a political, partisan, sectarian, denominational or religious organization or association. The foregoing exemption shall apply only where the association, corporation or institution claiming the exemption owns the property in question and is incorporated or organized under the laws of this State and authorized to carry out the purposes on account of which the exemption is claimed or where an educational institution, as provided herein, has leased said property to a historical society or association or to a corporation organized for such purposes and created under or otherwise subject to the provisions of Title 15 of the Revised Statutes or Title 15A of the New Jersey Statutes.

As used in this section "hospital purposes" includes health care facilities for the elderly, such as nursing homes; residential health care facilities; assisted living residences; facilities with a Class C license pursuant to P.L.1979, c.496 (C.55:13B-1 et al.), the "Rooming and Boarding House Act of 1979"; similar facilities that provide medical, nursing or personal care services to their residents; and that portion of the central administrative or service facility of a continuing care retirement community that is reasonably allocable as a health care facility for the elderly.

6. R.S.54:3-21 is amended to read as follows:

Appeal by taxpayer or taxing district; petition; complaint; exception.

54:3-21. a. (1) Except as provided in subsection b. of this section a taxpayer feeling aggrieved by the assessed valuation or exempt status of the taxpayer's property or a taxing district which may feel discriminated against by the assessed valuation or exempt status of property in the taxing district, or by the assessed valuation or exempt status of property in another taxing district in the county, may on or before April 1, or 45 days from the date the bulk mailing of notification of assessment is completed in the taxing district, whichever is later, appeal to the county board of taxation by filing with it a petition of appeal; provided, however, that any such taxpayer or taxing district may on or before April 1, or 45 days from the date the bulk mailing of notification of assessment is completed in the taxing district, whichever is later, file a complaint directly with the Tax Court, if the assessed valuation of the property subject to the appeal exceeds \$1,000,000. In a taxing district where a municipal-wide revaluation or municipal-wide reassessment has been implemented, a taxpayer or a taxing district may appeal before or on May 1 to the county board of taxation by filing with it a petition of appeal or, if the assessed valuation of the property subject to the appeal exceeds \$1,000,000, by filing a complaint directly with the State Tax Court. Within ten days of the completion of the bulk mailing of notification of assessment, the assessor of the taxing district

shall file with the county board of taxation a certification setting forth the date on which the bulk mailing was completed. If a county board of taxation completes the bulk mailing of notification of assessment, the tax administrator of the county board of taxation shall within ten days of the completion of the bulk mailing prepare and keep on file a certification setting forth the date on which the bulk mailing was completed. A taxpayer shall have 45 days to file an appeal upon the issuance of a notification of a change in assessment. An appeal to the Tax Court by one party in a case in which the Tax Court has jurisdiction shall establish jurisdiction over the entire matter in the Tax Court. All appeals to the Tax Court hereunder shall be in accordance with the provisions of the State Uniform Tax Procedure Law, R.S.54:48-1 et seq.

If a petition of appeal or a complaint is filed on April 1 or during the 19 days next preceding April 1, a taxpayer or a taxing district shall have 20 days from the date of service of the petition or complaint to file a cross-petition of appeal with a county board of taxation or a counterclaim with the Tax Court, as appropriate.

(2) With respect to property located in a county participating in the demonstration program established in section 4 of P.L.2013, c.15 (C.54:1-104), a property located in a county operating under the "Property Tax Assessment Reform Act," P.L.2009, c.118 (C.54:1-86 et seq.), or a property located in a county that has adopted, by resolution, the provisions of section 1 of P.L.2018, c.94 (C.54:1-105), and except as provided in subsection b. of this section, a taxpayer feeling aggrieved by the assessed valuation or exempt status of the taxpayer's property or a taxing district which may feel discriminated against by the assessed valuation or exempt status of property in the taxing district, or by the assessed valuation or exempt status of property in another taxing district in the county, may on or before January 15, or 45 days from the date the bulk mailing of notification of assessment is completed in the taxing district, whichever date is later, appeal to the county board of taxation by filing with it a petition of appeal; provided, however, that any such taxpayer, or taxing district, may on or before April 1, or 45 days from the date the bulk mailing of notification of assessment is completed in the taxing district, whichever date is later, file a complaint directly with the Tax Court, if the assessed valuation of the property subject to the appeal exceeds \$1,000,000.

If a petition of appeal is filed on January 15 or during the 19 days next preceding January 15, or a complaint is filed with the Tax Court on April 1 or during the 19 days next preceding April 1, a taxpayer or a taxing district shall have 20 days from the date of service of the petition or complaint to file a cross-petition of appeal with a county board of taxation or a counterclaim with the Tax Court, as appropriate.

Within 10 days of the completion of the bulk mailing of notification of assessment, the assessor of the taxing district shall file with the county board of taxation a certification setting forth the date on which the bulk mailing was completed. If a county board of taxation completes the bulk mailing of notification of assessment, the tax administrator of the county board of taxation shall within 10 days of the completion of the bulk mailing prepare and keep on file a certification setting forth the date on which the bulk mailing was completed. A taxpayer shall have 45 days to file an appeal upon the issuance of a notification of a change in assessment. An appeal to the Tax Court by one party in a case in which the Tax Court has jurisdiction shall establish jurisdiction over the entire matter in the Tax Court. All appeals to the Tax Court hereunder shall be in accordance with the provisions of the State Uniform Tax Procedure Law, R.S.54:48-1 et seq.

b. No taxpayer or taxing district shall be entitled to appeal either an assessment or an exemption or both that is based on a financial agreement subject to the provisions of the "Long Term Tax Exemption Law" under the appeals process set forth in subsection a. of this section.

7. This act shall take effect immediately, except that section 4 of the bill shall be retroactive and apply to tax years 2014, 2015, 2016, 2017, 2018, 2019, and 2020 only.

Approved February 22, 2021.