

SENATE, No. 1506

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Senator NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

SYNOPSIS

Temporarily reinstates property tax exemption for previously exempt non-profit hospital properties; establishes “Non-Profit Hospital Property Tax Exemption Study Commission.”

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning the property tax status of non-profit hospitals.

2

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

5

6 1. If property used in the work of non-profit associations and
7 corporations organized exclusively for hospital purposes was
8 exempt or partially exempt from property taxation in tax year 2015,
9 that property shall be exempt from property taxation, to the same
10 extent, for tax years 2020 and 2021, notwithstanding any provisions
11 of R.S.54:4-3.6 to the contrary. Any litigation or other action to
12 subject such property to property taxation in tax years 2020 and
13 2021 is ultra vires and shall be withdrawn.

14

15 2. a. There is established in, but not of, the Department of the
16 Treasury, an advisory commission to be known as the “Non-Profit
17 Hospital Property Tax Exemption Study Commission.” The
18 commission shall consist of nine members as follows: the State
19 Treasurer, who shall serve as chairperson of the commission, ex
20 officio; the Commissioners of Health and Community Affairs, ex
21 officio; the Secretary of Higher Education, ex officio; the Executive
22 Director of the New Jersey Health Care Facilities Financing
23 Authority, ex officio; and four members, appointed by the
24 Governor, one who shall be a member of the public with expertise
25 in the field of property taxes and recommended by the President of
26 the Senate, one who shall be a member of the public with expertise
27 in the field of property taxes and recommended by the Speaker of
28 the General Assembly, one who shall be a mayor of a municipality
29 within which a non-profit acute care hospital is located, and one
30 who shall be a representative of a non-profit acute care hospital or
31 property tax-exempt institution of higher education that operates or
32 is affiliated with a non-profit acute care hospital. Each member
33 may designate a representative to attend meetings of the
34 commission, and each designee may lawfully vote and otherwise act
35 on behalf of the member who designated that individual to serve as
36 a designee. Vacancies in the membership of the commission shall
37 be filled in the same manner as the original appointments.

38 b. The members shall be appointed within 60 days following
39 the effective date of P.L. , c. (C.) (pending before the
40 Legislature as this bill). The commission shall organize as soon as
41 practicable after the appointment of its members and shall select a
42 secretary who need not be a member of the commission. The
43 presence of five members of the commission shall constitute a
44 quorum. The commission may conduct business without a quorum,
45 but may only vote on the issuance of the report required to be
46 submitted to the Governor and the Legislature pursuant to
47 subsection e. of this section, and on any recommendations, when a
48 quorum is present.

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

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

9 e. The commission shall study the current non-profit hospital
10 property tax exemption law, the modern operation of non-profit
11 hospitals, and how property tax exemption law should be updated in
12 light of modern non-profit hospital operations. The commission
13 shall issue a report addressing these issues to the Governor and the
14 Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
15 19.1), within one year after a quorum is appointed. The report shall
16 also include proposals on how the non-profit hospital property tax
17 exemption law should be updated, in light of modern non-profit
18 hospital operations, to provide a property tax exemption system that
19 is equitable to non-profit hospitals, municipalities, and taxpayers.

20 f. The commission shall expire 90 days after the issuance of
21 the report pursuant to subsection e. of this section.

22
23 3. This act shall take effect immediately, except that section 1
24 of this bill shall be retroactive to assessments made as of October 1,
25 2019.

26 27 28 STATEMENT 29

30 This bill would reinstate property tax exemptions for non-profit
31 hospital properties for tax years 2020 and 2021 if such properties
32 were exempt from property taxation in tax year 2015, and would bar
33 any litigation or other actions to subject these properties to property
34 taxation for those two tax years. The bill would also establish a
35 commission, designated as the “Non-Profit Hospital Property Tax
36 Exemption Study Commission,” to study the current status of non-
37 profit hospital property tax exemptions, and to issue a report with
38 recommendations on how the law governing non-profit hospital
39 property tax exemptions should be updated so that it is fair to non-
40 profit hospitals, municipalities, and taxpayers.

41 Non-profit hospitals have changed substantially over the decades
42 and the law governing property tax exemptions for their properties
43 has not evolved with these changes. The disconnect that now exists
44 between modern non-profit hospital operations and the law has led
45 to a patchwork of costly litigation over whether non-profit hospitals
46 should be subject to property taxation. This bill would reinstate, for
47 two years, the property tax-exempt status that had long existed for
48 non-profit hospital properties, and would dismiss all litigation over

1 the property tax status of these properties during this period of time.
2 This temporary bar on litigation would allow a panel of experts in
3 the relevant fields to conduct a careful study of the complex issues
4 involved in the property taxation of non-profit hospitals, and
5 develop proposals for consideration by the Governor and the
6 Legislature on how the property tax exemption law should be
7 updated to reflect modern non-profit hospital operations and
8 provide fairness to non-profit hospitals, municipalities, and
9 taxpayers.