

54'4-3.6

LEGISLATIVE HISTORY CHECKLIST
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(Property tax exemption--
health care facilities)

NJSA: 54:4-3.6

LAWS OF: 1993 **CHAPTER:** 166

BILL NO: A2048

SPONSOR(S) Lance

DATE INTRODUCED: November 23, 1992

COMMITTEE: **ASSEMBLY:** Local Government; Appropriations
SENATE: —

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** March 1, 1993
SENATE: May 13, 1993

DATE OF APPROVAL: July 1, 1993

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes (2)
SENATE: No

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

~~See newspaper clippings attached~~

P.L.1993, CHAPTER 166, approved July 1, 1993
1992 Assembly No. 2048

1 AN ACT concerning the exemption of certain non-profit health
2 care property from local property taxation, and amending
3 R.S.54:4-3.6.

4
5 BE IT ENACTED by the Senate and General Assembly of the
6 State of New Jersey:

7 1. R.S.54:4-3.6 is amended to read as follows:
8 54:4-3.6. The following property shall be exempt from
9 taxation under this chapter: all buildings actually used for
10 colleges, schools, academies or seminaries, provided that if any
11 portion of such buildings are leased to profit-making
12 organizations or otherwise used for purposes which are not
13 themselves exempt from taxation, said portion shall be subject to
14 taxation and the remaining portion only shall be exempt; all
15 buildings actually used for historical societies, associations or
16 exhibitions, when owned by the State, county or any political
17 subdivision thereof or when located on land owned by an
18 educational institution which derives its primary support from
19 State revenue; all buildings actually and exclusively used for
20 public libraries, religious worship or asylum or schools for
21 feebleminded or idiotic persons and children; all buildings used
22 exclusively by any association or corporation formed for the
23 purpose and actually engaged in the work of preventing cruelty to
24 animals; all buildings actually and exclusively used and owned by
25 volunteer first-aid squads, which squads are or shall be
26 incorporated as associations not for pecuniary profit; all buildings
27 actually used in the work of associations and corporations
28 organized exclusively for the moral and mental improvement of
29 men, women and children, provided that if any portion of a
30 building used for that purpose is leased to profit-making
31 organizations or is otherwise used for purposes which are not
32 themselves exempt from taxation, that portion shall be subject to
33 taxation and the remaining portion only shall be exempt; all
34 buildings actually and exclusively used in the work of associations
35 and corporations organized exclusively for religious or charitable
36 purposes; all buildings actually used in the work of associations
37 and corporations organized exclusively for hospital purposes,
38 provided that if any portion of a building used for hospital
39 purposes is leased to profit-making organizations or otherwise
40 used for purposes which are not themselves exempt from
41 taxation, that portion shall be subject to taxation and the
42 remaining portion only shall be exempt; all buildings owned or
43 held by an association or corporation created for the purpose of

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 holding the title to such buildings as are actually and exclusively
2 used in the work of two or more associations or corporations
3 organized exclusively for the moral and mental improvement of
4 men, women and children; all buildings owned by a corporation
5 created under or otherwise subject to the provisions of Title 15 of
6 the Revised Statutes or Title 15A of the New Jersey Statutes and
7 actually and exclusively used in the work of one or more
8 associations or corporations organized exclusively for charitable
9 or religious purposes, which associations or corporations may or
10 may not pay rent for the use of the premises or the portions of
11 the premises used by them; the buildings, not exceeding two,
12 actually occupied as a parsonage by the officiating clergymen of
13 any religious corporation of this State, together with the
14 accessory buildings located on the same premises; the land
15 whereon any of the buildings hereinbefore mentioned are erected,
16 and which may be necessary for the fair enjoyment thereof, and
17 which is devoted to the purposes above mentioned and to no other
18 purpose and does not exceed five acres in extent; the furniture
19 and personal property in said buildings if used in and devoted to
20 the purposes above mentioned; all property owned and used by
21 any nonprofit corporation in connection with its curriculum,
22 work, care, treatment and study of feeble-minded, mentally
23 retarded, or idiotic men, women, or children shall also be exempt
24 from taxation, provided that such corporation conducts and
25 maintains research or professional training facilities for the care
26 and training of feeble-minded, mentally retarded, or idiotic men,
27 women, or children; provided, in case of all the foregoing, the
28 buildings, or the lands on which they stand, or the associations,
29 corporations or institutions using and occupying them as
30 aforesaid, are not conducted for profit, except that the
31 exemption of the buildings and lands used for charitable,
32 benevolent or religious purposes shall extend to cases where the
33 charitable, benevolent or religious work therein carried on is
34 supported partly by fees and charges received from or on behalf
35 of beneficiaries using or occupying the buildings; provided the
36 building is wholly controlled by and the entire income therefrom
37 is used for said charitable, benevolent or religious purposes. The
38 foregoing exemption shall apply only where the association,
39 corporation or institution claiming the exemption owns the
40 property in question and is incorporated or organized under the
41 laws of this State and authorized to carry out the purposes on
42 account of which the exemption is claimed or where an
43 educational institution, as provided herein, has leased said
44 property to a historical society or association or to a corporation
45 organized for such purposes and created under or otherwise
46 subject to the provisions of Title 15 of the Revised Statutes or
47 Title 15A of the New Jersey Statutes.

48 As used in this section "hospital purposes" includes health care
49 facilities for the elderly, such as nursing homes; residential
50 health care facilities; assisted living residences; facilities with a
51 Class C license pursuant to P.L.1979, c.496 (C.55:13B-1 et seq.),
52 the "Rooming and Boarding House Act of 1979"; similar facilities
53 that provide medical, nursing or personal care services to their
54 residents; and that portion of the central administrative or

1 service facility of a continuing care retirement community that
2 is reasonably allocable as a health care facility for the elderly.
3 (cf: P.L.1985, c.395, s.1)

4 2. This act shall take effect immediately, and shall be
5 applicable to assessments and taxes for the tax year beginning
6 January 1, that occurs not fewer than 180 days following
7 enactment.
8

9
10 STATEMENT
11

12 This bill provides property tax exempt status for non-profit
13 health care properties for the elderly.

14 According to the sponsor most non-profit health care facilities
15 for the elderly are exempt from property tax under one of the
16 provisions of the exemption law on non-profit organizations.
17 However, there is no explicit exemption for non-profit health
18 care facilities for the elderly. To protect their status, and to
19 clarify the basis for their exemption, this bill amends the current
20 exemption law on nonprofit organizations so that the term
21 "hospital purposes" includes health care facilities for the elderly,
22 such as nursing homes; residential health care facilities; assisted
23 living residences; facilities with a Class C license pursuant to
24 P.L.1979, c.496 (C.55:13B-1 et seq.), the "Rooming and Boarding
25 House Act of 1979"; similar facilities that provide medical,
26 nursing or personal care services to their residents; and that
27 portion of the central administrative or service facility of a
28 continuing care retirement community that is reasonably
29 allocable as a health care facility for the elderly.
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33
34 Excludes certain non-profit health care properties for the elderly
35 from local property taxation.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2048

STATE OF NEW JERSEY

DATED: FEBRUARY 22, 1993

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2048.

Assembly Bill No. 2048 will grant property tax exempt status to nonprofit health care facilities for the elderly.

Although nonprofit health care facilities for the elderly may be exempt from local property taxation under general provisions of current law, there is no explicit exemption for such facilities. Under R.S.54:4-3.6, such nonprofit facilities may be exempt from taxation if they are actually and exclusively used in the work of associations and corporations organized exclusively for religious or charitable purposes, or actually used in the work of associations and corporations organized exclusively for hospital purposes.

This bill amends current law in order to define "hospital purposes" as including such nonprofit health care facilities for the elderly 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 seq.), 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 reasonably allocable as a health care facility for the elderly.

This bill is identical to Senate Bill No. 1306.

FISCAL IMPACT:

This bill was not certified as needing a fiscal note. However, it may have an impact on local property tax revenues. Although most of the nonprofit facilities listed above may already be exempt from local property taxation under existing general provisions of law, there may be some facilities which may not be exempt because of their organizational structure and the patients or residents they accept. This bill would remove an unknown number of those facilities, if any, from the property tax rolls.

ASSEMBLY LOCAL GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2048

STATE OF NEW JERSEY

DATED: JANUARY 14, 1993

The Assembly Local Government Committee favorably reports Assembly Bill No. 2048.

Assembly Bill No. 2048 provides property tax exempt status for non-profit health care properties for the elderly.

According to the sponsor, most non-profit health care facilities for the elderly are exempt from property tax under one of the provisions of the exemption law on non-profit organizations. However, there is no explicit exemption for non-profit health care facilities for the elderly. To protect their status, and to clarify the basis for their exemption, this bill amends the current exemption law on nonprofit organizations so that the term "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 seq.), 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.

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OFFICE OF THE GOVERNOR

NEWS RELEASE

CN-001
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Release: Thursday
July 1, 1993

GOVERNOR SIGNS LAW CLOSING PROPERTY TAX LOOPHOLE **Measure Will Ensure Fair Treatment for Facilities for Seniors**

ENGLEWOOD -- All non-profit health care institutions for the elderly will now be granted property tax exempt status under legislation signed today by Governor Jim Florio, which closes a loophole in the state's property tax code.

"Too many seniors are forced to choose between keeping their health and keeping their home or their dignity. That's not right and we're here to do something about it," said Governor Florio, who signed the bill at the Actor's Fund Retirement and Nursing Home. "The security of health care and the peace of mind of a good home are our covenant with seniors. We mean to honor it."

The new law closes a loophole in the state's property tax code which granted property exempt status to non-profit health care facilities organized for religious, charitable or hospital purposes. While some towns may have exempted health care facilities for the elderly under one of the existing exemptions, no *explicit* exclusion for such facilities existed.

In New Jersey, about one-quarter of the elderly health care facilities are non-profit. The new law ensures that non-profit hospitals, religious homes and residential health care facilities will all be treated the same way with the same rules. It also means that non-profits can hold their costs down because they'll be better able to predict their costs and plan for the long term. Keeping health care costs down for seniors will help put the brakes on insurance premiums for everyone, the Governor noted.

New Jersey has the second highest percentage of seniors in the nation, Governor Florio noted, which means that the state's "economic and social well-being demands that we find new cost-effective ways to make sure our seniors can live with the greatest possible degree of dignity, independence and security."

"This law means that seniors will receive fair treatment in housing no matter where they choose to settle in their later years," said Governor Florio.

A 2048/S 1306 was sponsored by Assemblypersons Leonard Lance and Lee A. Solomon, and Senator John Bennett.

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