

54:4-3.6

LEGISLATIVE HISTORY CHECKLIST

NJSA: 54:4-3.6

(Hospitals - leasing space to outsiders - retain to exempt status)

LAWS OF: 1983

CHAPTER: 224

Bill No: A1974

Sponsor(s): Albohn and others

Date Introduced: Oct. 18, 1982

Committee: Assembly: Revenue, Finance and Appropriations

Senate: Institutions, Health and Welfare

Amended during passage: /// No

Date of Passage: Assembly: Jan. 27, 1983

Senate: May 23, 1983

Date of Approval: June 27, 1983

Following statements are attached if available:

Sponsor statement: Yes ///

Committee statement: Assembly Yes ///

Senate Yes ///

Fiscal Note: /// No

Veto Message: /// No

Message of Signing: Yes ///

Following were printed:

Reports: /// No

Hearings: /// No

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CHAPTER 224 LAWS OF N. J. 1983  
APPROVED 6-27-83

ASSEMBLY, No. 1974

STATE OF NEW JERSEY

INTRODUCED OCTOBER 18, 1982

By Assemblymen ALBOHN, MILLER, GILL, Assemblywoman  
L. BROWN and Assemblyman MARKERT

AN ACT concerning exemption of property from taxation and  
amending R. S. 54:4-3.6.

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

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

2 54:4-3.6. The following property shall be exempt from taxation  
3 under this chapter: All buildings actually used for colleges,  
4 schools, academies or seminaries, provided that if any portion of  
5 such buildings are leased to profit-making organizations or other-  
6 wise used for purposes which are not themselves exempt from  
7 taxation, said portion shall be subject to taxation and the remaining  
8 portion only shall be exempt; all buildings actually used for  
9 historical societies, associations or exhibitions, when owned by the  
10 State, county or any political subdivision thereof or when located  
11 on land owned by an educational institution which derives its  
12 primary support from State revenue; all buildings actually and ex-  
13 clusively used for public libraries, religious worship or asylum or  
14 schools for feeble-minded or idiotic persons and children; all build-  
15 ings used exclusively by any association or corporation formed for  
16 the purpose and actually engaged in the work of preventing cruelty  
17 to animals; all buildings actually and exclusively used and owned  
18 by volunteer first-aid squads, which squads are or shall be in-  
19 corporated as associations not for pecuniary profit; all buildings  
20 actually and exclusively used in the work of associations and corpo-  
21 rations organized exclusively for the moral and mental improve-

**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 printed in italics *thus* is new matter.

22 ment of men, women and children, or for religious[,] or charitable  
23 [or hospital] purposes, or for one or more such purposes; *all build-*  
24 *ings actually used in the work of associations and corporations*  
25 *organized exclusively for hospital purposes, provided that if any*  
26 *portion of a building used for hospital purposes is leased to profit-*  
27 *making organizations or otherwise used for purposes which are not*  
28 *themselves exempt from taxation, that portion shall be subject to*  
29 *taxation and the remaining portion only shall be exempt; all build-*  
30 *ings owned or held by an association or corporation created for the*  
31 *purpose of holding the title to such buildings as are actually and*  
32 *exclusively used in the work of two or more associations or corpo-*  
33 *rations organized exclusively for the moral and mental improve-*  
34 *ment of men, women and children; all buildings owned by a corpo-*  
35 *ration created under or otherwise subject to the provisions of Title*  
36 *15 of the Revised Statutes and actually and exclusively used in*  
37 *the work of one or more associations or corporations organized*  
38 *exclusively for charitable or religious purposes, which associations*  
39 *or corporations may or may not pay rent for the use of the premises*  
40 *or the portions of the premises used by them; the buildings, not*  
41 *exceeding two, actually occupied as a parsonage by the officiating*  
42 *clergymen of any religious corporation of this State, together with*  
43 *the accessory buildings located on the same premises; the land*  
44 *whereon any of the buildings hereinbefore mentioned are erected,*  
45 *and which may be necessary for the fair enjoyment thereof, and*  
46 *which is devoted to the purposes above mentioned and to no other*  
47 *purpose and does not exceed five acres in extent; the furniture and*  
48 *personal property in said buildings if used in and devoted to the*  
49 *purposes above mentioned; all property owned and used by any*  
50 *nonprofit corporation in connection with its curriculum, work, care,*  
51 *treatment and study of feeble-minded, mentally retarded, or idiotic*  
52 *men, women, or children shall also be exempt from taxation, pro-*  
53 *vided that such corporation conducts and maintains research or*  
54 *professional training facilities for the care and training of feeble-*  
55  *minded, mentally retarded, or idiotic men, women, or children; pro-*  
56 *vided, in case of all the foregoing, the buildings, or the lands on*  
57 *which they stand, or the associations, corporations or institutions*  
58 *using and occupying them as aforesaid, are not conducted for profit,*  
59 *except that the exemption of the buildings and lands used for chari-*  
60 *table, benevolent or religious purposes shall extend to cases where*  
61 *the charitable, benevolent or religious work therein carried on is*  
62 *supported partly by fees and charges received from or on behalf*  
63 *of beneficiaries using or occupying the buildings; provided, the*  
64 *building is wholly controlled by and the entire income therefrom is*

65 used for said charitable, benevolent or religious purposes. The  
66 foregoing exemption shall apply only where the association, corpo-  
67 ration or institution claiming the exemption owns the property in  
68 question and is incorporated or organized under the laws of this  
69 State and authorized to carry out the purposes on account of which  
70 the exemption is claimed or where an educational institution, as  
71 provided herein, has leased said property to a historical society, or  
72 association or to a corporation organized for such purposes and  
73 created under or otherwise subject to the provisions of Title 15 of  
74 the Revised Statutes.

1 2. This act shall take effect immediately and shall be applicable  
2 to real property taxes levied or payable for the calendar year 1983  
3 and thereafter.

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*SPONSOR'S* STATEMENT

The purpose of this bill is to permit certain hospitals to lease space within the facility and retain its tax exempt status on the remainder of the property. Occasionally, there are portions of hospital property which are not being fully utilized. That space could be rented to nonemployee physicians and other health care related professions to provide a service within the hospital utilizing hospital equipment and laboratory services. This would produce rental income for the hospital and allow it to maximize the investment in laboratory services and equipment, all of which would serve to reduce total health care costs.

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ASSEMBLY REVENUE, FINANCE AND APPROPRIATIONS  
COMMITTEE

STATEMENT TO  
ASSEMBLY, No. 1974

STATE OF NEW JERSEY

DATED: DECEMBER 13, 1982

The purpose of this bill is to permit certain hospitals to lease space within the facility and retain its tax exempt status on the remainder of the property. Occasionally, there are portions of hospital property which are not being fully utilized. That space could be rented to non-employee physicians and other health care related professions to provide a service within the hospital utilizing hospital equipment and laboratory services. This would produce rental income for the hospital and allow it to maximize the investment in laboratory services and equipment, all of which would serve to reduce total health care costs.

SENATE INSTITUTIONS, HEALTH AND WELFARE  
COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 1974**

**STATE OF NEW JERSEY**

DATED: APRIL 25, 1983

This bill amends the exemption from property tax law (R. S. 54:4-3.6) to provide that any portion of a hospital building that is leased to a for-profit organization shall be subject to taxation.

BILL SIGNING

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MONDAY, JUNE 27, 1983

A1974, sponsored by Assemblyman Arthur R. Albohn, R-Morris, which would allow hospitals to lease space within their facility and retain tax exempt status for the remainder of the property. The bill would permit the sale of laboratory services and the rental of laboratory space without complete loss of tax exempt status.

A-3408, sponsored by Assemblyman S. M. Terry LaCorte, R-Passaic, which authorizes the Department of Transportation to use \$250,000 from the Transportation Rehabilitation and Improvement Fund of 1979 to match \$750,000 in Federal funds for the improvement of Route 23 between Interstate 80 and New Street in Wayne Township.

A-1255, sponsored by Assemblyman Raymond Lesniak, D-Union, which establishes a Hazardous Substance Contingency Response Task Force.

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