

Governor Christie Announces Agreement To End Uncertainty On Property Tax Exemptions For New Jersey's Community Hospitals

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Legislation Will Provide Two-Year Exemption Freeze And Formation Of Expert Study Commission To Review And Recommend Long-Term Fix For Decades-Old Statute

Trenton, NJ – Putting New Jersey on a commonsense path forward regarding property tax exemptions for non-profit hospitals, Governor Chris Christie today announced an agreement that creates a Property Tax Exemption Study Commission and, at the same time, places a two-year freeze immediately on property tax rates for previously exempt non-profit hospitals.

In January, Governor Christie pocket vetoed S-3299, a well-intentioned but rushed bill that would have made a tax-exempt nonprofit hospital with some for-profit medical providers pay community contributions to its host town. The measure would have required a \$2.50 per-bed, per-day community contribution fee from acute care facilities. Five percent of that fee was to be passed through to the applicable county. Working with legislators and stakeholders from across the state, the Christie Administration has forged consensus on a path forward that provides certainty on this issue for the next two years, ends the costly patchwork of litigation that has begun to appear across the state, and empowers an expert group of industry leaders, stakeholders, and policy experts to study this complex issue and make recommendations to state leaders.

"The subject of property tax exemptions is a complex issue that has not been comprehensively reviewed or legislatively modified in more than seven decades," said Governor Christie "While I applaud the Legislature for taking quick action to address the urgent needs of these non-profits, this is a matter that deserves more careful study from everyone who would be impacted and a thoughtful policy discussion. The Property Tax Exemption Study Commission will develop proposals for consideration by the executive branch and the Legislature to resolve the tax-exemption matter in a way that is fair to the hospital, the municipality and local taxpayers. In the meantime, property tax assessments will be frozen for previously exempt hospitals for 2016 and 2017."

Currently, there are 62 non-profit hospitals throughout the Garden State. Because of varying degrees of organizational structure, profitability and provision of charity care, there have been patchwork solutions to the tax exempt issue.

"This approach allows our state to take a deep breath and work carefully and collaboratively to address the uncertainty created by the tax court decision on nonprofit hospitals' tax exemptions," said New Jersey Hospital Association President and CEO Betsy Ryan. "We thank Governor Christie, Senate President Sweeney and the other legislators for crafting this reasonable approach to 'stand down' on litigation while the various stakeholders give thoughtful study to the matter. We also look forward to working with both the Senate and the Assembly on this approach and provide the certainty that hospitals, and municipalities, seek."

The new nine-member commission will provide a comprehensive review of New Jersey's property exemption statute which has remained unchanged for more than 70 years. Located in, but not of, Treasury, the Commission's composition will include: the State Treasurer, who will serve as chairperson; the Commissioners of Health and Community Affairs; the Secretary of Higher Education, the Executive Director of NJ Health Care Facilities Financing Authority; and four members appointed by the Governor with expertise in the field of property taxes: one recommended by Senate President and another to be recommended by Assembly Speaker, one who is a mayor of a municipality where a non-profit acute care hospital or property tax-exempt institution of higher education is located, and one representative of a non-profit acute care hospital or property tax-exempt institution of higher education.

The formation of the Commission will eliminate the need to impose a new tax on hospitals and other non-profits by preserving their exemption until January 1, 2018.

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