



Real Estate Tax Exemptions for Hospitals

In order to qualify for a hospital purposes exemption, the property actually must be used in the work of an association or corporation organized exclusively for hospital purposes. Exemptions on land are limited to five acres per building as long as the land is necessary for the "fair enjoyment" of the building. Parking lots used in connection with an hospital building may also be eligible for exemption. Partial exemptions exist in the event that only portion of a building or land is used for hospital purposes.

Hospital purposes are those activities which are integrated into an organized and functioning hospital. The Legislature in 1993 expanded the hospital purposes definition to include nonprofit health care facilities for the elderly, such as nursing homes, residential health care facilities, assisted living residences, facilities with a Class C rooming and boarding house license, similar facilities that provide medical, nursing or personal care services to their elderly residents, and that portion of the central administrative or service facilities of a continuing care retirement community that are reasonably allocated as a healthcare facility to the elderly.

In order to claim that a building or land is exempt, it must be put to "hospital use" on or before October 1 of the pretax year. An initial exemption statement must be filed with the local assessor of the taxing district in which the building or land is located on or before November 1 of the pretax year. Upon the granting of an exemption, subsequent statements must be filed with the assessor by November 1 of every third succeeding tax year. A hospital purposes exemption may be lost by a change in use or ownership. Taxpayers may appeal the denial of a hospital exemption by filing an appeal no later than April 1 of the tax year.

In a time when non profit health care and hospital corporations are faced with increased health care costs and fewer budget dollars, hospital executives should recognize that significant tax savings can be achieved through the timely prosecution of hospital purpose exemptions.

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