



Tax Exemptions for Hospitals

New Jersey law allows an exemption from real property taxation for buildings or lands used for hospital purposes. Significant tax savings can be achieved through the timely prosecution of hospital purposes exemptions.

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 a hospital building also may be eligible for exemption. Partial exemptions exist in the event that only a 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 hospital purposes definition also includes 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 health care 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 1st of the pretax year. A hospital purposes exemption may be lost by a change in use or ownership. Hospitals that are improperly assessed may pursue an exemption by filing an appeal no later than April 3rd of the tax year.

Practices:

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