

R 247-2020

**RESOLUTION OF THE BOROUGH OF MADISON OPPOSING
ASSEMBLY BILL A-1135, REINSTATING PRIOR PROPERTY TAX
EXEMPTIONS FOR NON-PROFIT HOSPITALS WITH ONSITE
FOR-PROFIT MEDICAL PROVIDERS**

WHEREAS, the New Jersey State Assembly has voted on and approved Assembly Bill No. A-1135, which seeks to address the ongoing issue of property tax exemptions for nonprofit hospitals with on-site for profit medical providers; and

WHEREAS, the issue stems from a tax court decision which brought to light how the business model for modern hospitals does not match with the original public policy reasons for exempting non-profit hospitals from property taxes; and

WHEREAS, this bill would reinstate the property tax exemption status of nonprofit hospitals, including satellite emergency care facilities with for-profit medical providers on site; and

WHEREAS, the bill sets up an unconstitutional tax exemption. A-1135 also poses other concerns as it attempts to create a Community Service Contribution (CSC) fee which would be paid by hospitals organized as non-profits in lieu of any property tax. The CSC fee is calculated based on the amount of licensed acute-care beds in a hospital which, based on industry trends, would mean the fee would be reduced each year as hospitals move away from these types of beds.; and

WHEREAS, the contemplated CSC fee would be far smaller than any property tax bill which hospitals would otherwise be subject to effectively serving as a subsidy to an otherwise profitable industry, paid for by all other property tax payers of host communities.

NOW, THEREFORE, BE IT RESOLVED by the Council of the Borough of Madison, in the County of Morris and State of New Jersey, that it opposes the newly adopted Bill A-1135, and urges the State Senate to reject the companion bill.

BE IT FURTHER RESOLVED that copies of this resolution be sent to the Governor Phillip Murphy, Senator Richard J. Codey, Assemblywoman Mila M. Jacey, Assemblyman John F. McKeon, the New Jersey League of Municipalities, and State Senate Leaders, urging them to oppose the adoption of A-1135.

ADOPTED AND APPROVED
September 30, 2020

ROBERT H. CONLEY, Mayor

Attest:

ELIZABETH OSBORNE, Borough Clerk