

COUNTIES, HOSPITALS DEBATING TAX STATUS

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BOISE -- The counties and hospitals agree Idaho's law governing property tax exemptions for charitable efforts should be redefined, but they diverge when it comes to granting the facilities a non-profit status.

A legislative committee on charitable exemptions on Thursday sided almost entirely with the Idaho Hospital Association's proposed legislation, rather than that offered by the Idaho Association of Counties.

Ada County decided two years ago to deny St. Luke's Regional Medical Center a tax exemption for some property, claiming the \$20 million or so it makes each year after operating expenses against what it said was only a modest charitable effort left it ineligible as a charitable institution under state law.

The counties want hospitals to annually prove their "community benefit" equals or exceeds the county taxes assessed.

"We all agree the (law) must be rewritten. It's unclear," said attorney Roy Eiguren, representing Boise's St. Alphonsus Regional Medical Center. "We don't believe there's a need for a community benefits test."

He said the Internal Revenue Service already has a review for federal income tax exemptions. If a charitable Idaho hospital passes that mark, it automatically is exempt from state income taxes.

Dan Chadwick, executive director of the Idaho Association of Counties, said relying on a federal standard keeps county commissioners from considering the local economic needs.

"We understand the problem related to regional medical centers," he said. "But if we don't use the discrete boundaries of the county and make sure the county residents are receiving a benefit, then those county property taxpayers are subsidizing the care for other parts of the state."

Earlier this month, 4th District Judge Daniel Eismann ruled St. Luke's must pay \$155,000 in 1996 property taxes for its Meridian medical center since it was not open by Jan. 1, 1996 and would not qualify for an exemption.

The hospital group's bill would be applied retroactively to Jan. 1, 1996. Eiguren said St. Luke's should not be singled out to pay while other hospitals benefit.