

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS  
FISCAL IMPACT STATEMENT**

**LS 6839**  
**BILL NUMBER: HB 1384**

**NOTE PREPARED:** Dec 30, 2025  
**BILL AMENDED:**

**SUBJECT:** Nonprofit Hospital Property Taxes.

**FIRST AUTHOR:** Rep. Smaltz  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**      **GENERAL**  
                                 **DEDICATED**  
                                 **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill provides that real property purchased before July 1, 2026, directly or indirectly owned by a nonprofit hospital (other than a critical access hospital or a county hospital) is not exempt from property taxation if, after 10 years from the date of purchase of the property by the nonprofit hospital, the property directly or indirectly owned by the nonprofit hospital is not being used for the performance of revenue producing health care services by the nonprofit hospital that directly or indirectly owns the property. It also provides that real property directly or indirectly owned by a nonprofit hospital purchased after June 30, 2026, is not exempt from property taxation if the property directly or indirectly owned by the nonprofit hospital is not being used for the performance of revenue producing health care services by the nonprofit hospital that directly or indirectly owns the property.

The bill provides that the disallowance of an exemption does not apply to a parking garage, parking lot, equipment facility area, or any other similar property that actively serves a nonprofit hospital. It provides that a determination as to whether a parking garage, parking lot, equipment facility area, or any other similar property actively serves a nonprofit hospital shall be made by the board of zoning appeals with jurisdiction over the property.

**Effective Date:** January 1, 2027.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** This bill's requirements may result in a minor increase in the workload for local boards of zoning appeals. These boards would be required to determine if parking garages, parking lots, equipment facility areas, and any other similar property actively serve a nonprofit hospital before potentially having their exempt status removed.

**Explanation of Local Revenues:** This bill may result in more assessed value (AV) being added back to the AV base for taxing districts where nonprofit hospitals are currently receiving a property tax exemption. By

adding AV back into the AV base, the tax rates for these tax districts will decrease, assuming that the property tax levies do not change. Lower tax rates will result in a decrease of property tax cap losses, meaning local units will receive a greater percentage of their certified property tax levies. The actual fiscal impact will vary from county to county. The impact will depend on the number and value of exemptions that could potentially be removed from nonprofit hospitals currently receiving an exemption.

*Additional Information:* According to the Pay 2025 county property tax data, there are 1,663 property records statewide that have a hospital property tax exemption, totaling in \$3.3 B of AV. Of these records, 227 have a taxpayer name that is associated with either being a critical care access or county owned hospital. These properties would be excluded from the potential of having their exemption removed under this bill. These 227 records have a total property tax exemption AV of \$340 M.

**State Agencies Affected:**

**Local Agencies Affected:** Boards of zoning appeals; Civil taxing units and school corporations.

**Information Sources:** Pay 2025 county property tax data.

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