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Overview

Under current law, a county, city, town, or school district may, for economic development purposes, abate the property taxes they impose on certain properties. Abatements may be granted for up to 15 years, or 20 years if not all of the political subdivisions imposing a tax on the property agree to abate the tax. Economic development abatements may be granted for a variety of purposes, including to help provide needed services for local residents. Because a political subdivision can only abate the taxes they themselves impose, property receiving a local abatement is still subject to the state general tax.

HF 3189 would grant an abatement of the state general tax and provide a sales tax exemption for certain qualifying medical facilities that receive a local economic development abatement. To qualify, the medical facility must be in a medically underserved area not in the metro, a political subdivision must pass a resolution stating that the facility will meet an unmet need, and both the county and city or town must abate their tax.

Once a local abatement has been granted to a qualifying medical facility, the state general tax would be abated for these facilities for 15 years, and sales (including sales of construction materials) to a qualifying medical facility would be exempt from the sales tax.

Section

- 1** **Medical facility in an underserved area.** Abates the state general levy for medical facilities qualifying for and receiving a local abatement.
- 2** **Hospitals, outpatient surgical centers, and critical access dental providers.** Exempts sales to a qualifying medical facility from the sales tax. Defines “qualifying medical facility” as a facility that has been granted an abatement of the state general tax.
- 3** **Medical facility in an underserved area.** Provides a construction materials exemption for qualifying medical facilities.
- 4** **Scope.** Adds a conforming change with reference to the new definition in section 5.
- 5** **Medical facility.** Defines “medical facility” as: an office, clinic, building or portion of a building used to provide primary or specialty care; birth center; hospital; urgent care clinic; or outpatient surgical center.
- 6** **Medically underserved county.** Defines a “medically underserved county” as a county that includes an area designated by the federal health and human services secretary as a health professional shortage area. Requires the commissioner of health to certify the counties that qualify to the commissioner of revenue, and requires the commissioner of revenue to provide that information to the counties.
- 7** **Medically underserved areas.** Abates the state general tax for 15 years for a medical facility that has received a local abatement, provided that:
 - the facility is in a medically underserved county;
 - the facility is not in the metro area;
 - a local jurisdiction passes a resolution that the facility meets an unmet need; and
 - both the county and city or town grant the local abatement.