

House Bill 2115

Sponsored by Representative GREENLICK; Representative NOSSE (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Specifies requirements for property of nonprofit hospitals and nonprofit health systems to be exempt from taxation.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to the provision of community benefits by health services providers; creating new pro-
3 visions; amending ORS 305.842, 307.112, 307.130, 307.162, 442.200, 442.205 and 442.991; and pre-
4 scribing an effective date.

5 **Be It Enacted by the People of the State of Oregon:**

SECTION 1. (1) As used in this section:

6
7 (a) **"Health services" has the meaning given that term in ORS 442.015.**

8 (b) **"Health system" means a corporate entity that owns or operates at least one hospital**
9 **licensed by the Oregon Health Authority under ORS chapter 441.**

10 (c) **"Hospital" has the meaning given that term in ORS 442.015.**

11 (d) **"Nonprofit" means a corporation that:**

12 (A) **Is organized not for profit, pursuant to ORS chapter 65 or any predecessor of ORS**
13 **chapter 65; or**

14 (B) **Is organized and operated as described under section 501(c) of the Internal Revenue**
15 **Code as defined in ORS 305.842.**

16 (2) **Upon compliance with ORS 307.162, all real or personal property owned or being pur-**
17 **chased by a nonprofit hospital or a nonprofit health system shall be exempt from property**
18 **taxation if:**

19 (a) **The real or personal property is occupied or used to provide:**

20 (A) **Health services; or**

21 (B) **Administrative services necessary to provide the health services; and**

22 (b)(A) **The Oregon Health Authority has issued to the hospital or health system a certi-**
23 **fication under ORS 442.205; or**

24 (B) **The hospital is:**

25 (i) **A type A hospital, as described in ORS 442.470; or**

26 (ii) **A rural critical access hospital, as defined in ORS 315.613.**

27 **SECTION 2.** ORS 442.200 is amended to read:

28 442.200. As used in this section and ORS 442.205:

29 (1) **"Charity care" means free or discounted health services provided to persons who cannot af-**
30 **ford to pay and from whom a hospital or health system has no expectation of payment. "Charity**
31 **care" does not include bad debt, contractual allowances or discounts for quick payment.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (2) “Community benefit” means a program or activity that provides treatment or promotes
 2 health and healing in response to an identified community need. “Community benefit” includes:

3 (a) Charity care;

4 [(b) Losses related to Medicaid, Medicare, State Children’s Health Insurance Program or other
 5 publicly funded health care program shortfalls;]

6 [(c)] (b) Community health improvement services;

7 [(d)] (c) Research;

8 [(e)] (d) Financial and in-kind contributions to the community; and

9 [(f)] (e) Community building activities affecting health in the community.

10 (3) “Gross receipts” means total Oregon sales as determined under ORS 314.665.

11 (4) “Health system” means a corporate entity that owns or operates at least one hospital
 12 licensed by the Oregon Health Authority under ORS chapter 441.

13 (5) “Hospital” does not include type A hospitals, as described in ORS 442.470, or rural
 14 critical access hospitals, as defined in ORS 315.613.

15 **SECTION 3.** ORS 442.205 is amended to read:

16 442.205. (1) The Oregon Health Authority shall [by rule] adopt a cost-based community benefit
 17 reporting system for hospitals **and health systems** operating in Oregon that is consistent with es-
 18 tablished national standards for hospital reporting of community benefits.

19 (2) Within 90 days of filing a Medicare cost report, a hospital **or health system** must submit
 20 **to the authority, in the form and manner prescribed by the authority,** a [community benefit
 21 report to the authority of] **report and supporting documentation regarding** the community benefits
 22 provided by the hospital[, on a form prescribed by the authority.] **or health system. The report**
 23 **must include, for the tax year immediately preceding the report:**

24 (a) **The gross receipts of the hospital or health system;**

25 (b) **A description of the community benefits provided by the hospital or health system;**
 26 **and**

27 (c) **The expenditures of the hospital or health system on the reported community bene-**
 28 **fits.**

29 (3) **The authority shall establish a procedure for a hospital or health system to obtain a**
 30 **written certification that the hospital or health system had:**

31 (a) **Total expenditures for community benefits in an amount greater than or equal to five**
 32 **percent of the gross receipts of the hospital or health system; or**

33 (b) **Good cause, according to criteria adopted by the authority by rule, for spending on**
 34 **community benefits an amount that was less than five percent of the gross receipts of the**
 35 **hospital or health system.**

36 [(3) The authority shall produce an annual report of the information provided under subsections
 37 (1) and (2) of this section. The report shall be submitted to the Governor, the President of the Senate
 38 and the Speaker of the House of Representatives. The report shall be presented to the Legislative As-
 39 sembly during each odd-numbered year regular session and shall be made available to the public.]

40 (4) The authority [may] **shall** adopt all rules necessary to carry out the provisions of this sec-
 41 tion.

42 **SECTION 4.** ORS 442.991 is amended to read:

43 442.991. (1) Any reporting entity that fails to report as required by rules of the Oregon Health
 44 Authority adopted pursuant to ORS **442.205 and** 442.362 may be subject to a civil penalty.

45 (2) The authority shall adopt a schedule of penalties, not to exceed \$500 per day of violation,

1 that are based on the severity of the violation.

2 (3) Civil penalties imposed under this section shall be imposed as provided in ORS 183.745.

3 (4) Civil penalties imposed under this section may be remitted or mitigated upon such terms and
4 conditions as the authority considers proper and consistent with the public health and safety.

5 (5) Civil penalties incurred under any law of this state are not allowable as costs for the purpose
6 of rate determination or for reimbursement by a third-party payer.

7 **SECTION 5.** ORS 307.162 is amended to read:

8 307.162. (1)(a) Before any real or personal property may be exempted from taxation under ORS
9 307.092, 307.110 (3)(h), 307.115, 307.118, 307.130 to 307.140, 307.145, 307.147, 307.150, 307.160, 307.181
10 (3), 307.513 or 307.580 **or section 1 of this 2017 Act** for any tax year, the institution or organization
11 entitled to claim the exemption must file a claim with the county assessor, on or before April 1
12 preceding the tax year for which the exemption is claimed. The claim must contain statements,
13 verified by the oath or affirmation of the president or other proper officer of the institution or or-
14 ganization, that:

15 (A) List all real property claimed to be exempt and show the purpose for which the real property
16 is used; and

17 (B) Cite the statutes under which exemption for personal property is claimed.

18 (b) If the ownership of all property, other than property described in ORS 307.110 (3)(h) **or**
19 **section 1 of this 2017 Act**, included in the claim filed with the county assessor for a prior year
20 remains unchanged, a new claim is not required.

21 (c) When the property designated in the claim for exemption is acquired after March 1 and be-
22 fore July 1, the claim for that year must be filed within 30 days from the date of acquisition of the
23 property.

24 (2)(a) Notwithstanding subsection (1) of this section, a claim may be filed under this section for
25 the current tax year:

26 (A) On or before December 31 of the tax year, if the claim is accompanied by a late filing fee
27 of the greater of \$200, or one-tenth of one percent of the real market value as of the most recent
28 assessment date of the property to which the claim pertains.

29 (B) On or before April 1 of the tax year, if the claim is accompanied by a late filing fee of \$200
30 and the claimant demonstrates good and sufficient cause for failing to file a timely claim, is a
31 first-time filer or is a public entity described in ORS 307.090.

32 (b)(A) Notwithstanding subsection (1) of this section, a claimant that demonstrates good and
33 sufficient cause for failing to file a timely claim, is a first-time filer or is a public entity described
34 in ORS 307.090 may file a claim under this section for the five tax years prior to the current tax
35 year:

36 (i) Within 60 days after the date on which the county assessor mails notice of additional taxes
37 owing under ORS 311.206 for the property to which the claim filed under this subparagraph pertains;
38 or

39 (ii) At any time if no notice is mailed.

40 (B) A claim filed under this paragraph must be accompanied by a late filing fee of the greater
41 of \$200, or one-tenth of one percent of the real market value as of the most recent assessment date
42 of the property to which the claim pertains, multiplied by the number of prior tax years for which
43 exemption is claimed.

44 (c) If a claim filed under this subsection is not accompanied by the late filing fee or if the late
45 filing fee is not otherwise paid, an exemption may not be allowed for the tax years sought by the

1 claim. A claim may be filed under this subsection notwithstanding that there are no grounds for
 2 hardship as required for late filing under ORS 307.475.

3 (d) The value of the property used to determine the late filing fee under this subsection and the
 4 determination of the county assessor relative to a claim of good and sufficient cause are appealable
 5 in the same manner as other acts of the county assessor.

6 (e) A late filing fee collected under this subsection must be deposited in the county general fund.

7 (3)(a) In a claim for exemption of property described in ORS 307.110 (3)(h), the county or city,
 8 town or other municipal corporation or political subdivision of this state that is filing the claim must
 9 substantiate that the property is used for affordable housing or that it is leased or rented to persons
 10 of lower income, as applicable.

11 (b) A claim filed under this subsection must be filed annually on a form prescribed by the De-
 12 partment of Revenue.

13 **(4) In a claim for exemption of property described in section 1 of this 2017 Act, the hos-
 14 pital, other than a hospital described in section 1 (2)(b)(B) of this 2017 Act, or health system
 15 that is filing the claim must include with the filing a certification issued by the Oregon
 16 Health Authority under ORS 442.205.**

17 [(4)] (5) As used in this section:

18 (a) "First-time filer" means a claimant that:

19 (A) Has never filed a claim for the property that is the subject of the current claim; and

20 (B) Did not receive notice from the county assessor on or before December 1 of the tax year for
 21 which exemption is claimed regarding the potential property tax liability of the property.

22 (b)(A) "Good and sufficient cause" means an extraordinary circumstance beyond the control of
 23 the taxpayer or the taxpayer's agent or representative that causes the failure to file a timely claim.

24 (B) "Good and sufficient cause" does not include hardship, reliance on misleading information
 25 unless the information is provided by an authorized tax official in the course of the official's duties,
 26 lack of knowledge, oversight or inadvertence.

27 (c) "Ownership" means legal and equitable title.

28 [(5)(a)] (6)(a) Notwithstanding subsection (1) of this section, if an institution or organization
 29 owns property that is exempt from taxation under a provision of law listed in subsection (1) of this
 30 section and fails to file a timely claim for exemption under subsection (1) of this section for additions
 31 or improvements to the exempt property, the additions or improvements may nevertheless qualify for
 32 exemption.

33 (b) The organization must file a claim for exemption with the county assessor to have the addi-
 34 tions or improvements to the exempt property be exempt from taxation. The claim must:

35 (A) Describe the additions or improvements to the exempt property;

36 (B) Describe the current use of the property that is the subject of the application;

37 (C) Identify the tax year and any preceding tax years for which the exemption is sought;

38 (D) Contain any other information required by the department; and

39 (E) Be accompanied by a late filing fee equal to the product of the number of tax years for
 40 which exemption is sought multiplied by the greater of \$200 or one-tenth of one percent of the real
 41 market value as of the most recent assessment date of the property that is the subject of the claim.

42 (c) Upon the county assessor's receipt of a completed claim and late filing fee, the assessor shall
 43 determine for each tax year for which exemption is sought whether the additions or improvements
 44 that are the subject of the claim would have qualified for exemption had a timely claim been filed
 45 under subsection (1) of this section. Any property that would have qualified for exemption had a

1 timely claim been filed under subsection (1) of this section is exempt from taxation for each tax year
 2 for which the property would have qualified.

3 (d) A claim for exemption under this subsection may be filed only for tax years for which the
 4 time for filing a claim under subsections (1) and (2)(a) of this section has expired. A claim filed under
 5 this subsection, however, may serve as the claim required under subsection (1) of this section for
 6 the current tax year.

7 (e) A late filing fee collected under this subsection must be deposited in the county general fund.

8 ~~[(6)]~~ (7) For each tax year for which an exemption granted pursuant to subsection (2) or ~~[(5)]~~
 9 (6) of this section applies:

10 (a) Any tax, or interest attributable thereto, that was paid with respect to the property that is
 11 declared exempt from taxation must be refunded. Refunds must be made without interest from the
 12 unsegregated tax collections account established under ORS 311.385.

13 (b) Any tax, or interest attributable thereto, that remains unpaid as of the date the exemption
 14 is granted must be abated.

15 ~~[(7)]~~ (8) If an institution or organization owns property that is exempt from taxation under a
 16 provision of law listed in subsection (1) of this section and changes the use of the property to a use
 17 that would not entitle the property to exemption from taxation, the institution or organization must
 18 notify the county assessor of the change to a taxable use within 30 days.

19 **SECTION 6.** ORS 307.112 is amended to read:

20 307.112. (1) Real or personal property of a taxable owner held under lease, sublease or lease-
 21 purchase agreement by an institution, organization or public body, other than the State of Oregon,
 22 or a public university listed in ORS 352.002, granted exemption or the right to claim exemption for
 23 any of its property under ORS 307.090, 307.130, 307.136, 307.140, 307.145, 307.147 or 307.181 (3) **or**
 24 **section 1 of this 2017 Act**, is exempt from taxation if:

25 (a) The property is used by the lessee or, if the lessee is not in possession of the property, by
 26 the entity in possession of the property, in the manner, if any, required by law for the exemption
 27 of property owned, leased, subleased or being purchased by it; and

28 (b) It is expressly agreed within the lease, sublease or lease-purchase agreement that the rent
 29 payable by the institution, organization or public body has been established to reflect the savings
 30 below market rent resulting from the exemption from taxation.

31 (2) To obtain the exemption under this section, the lessee or, if the lessee is not in possession
 32 of the property, the entity in possession of the property, must file a claim for exemption with the
 33 county assessor, verified by the oath or affirmation of the president or other proper officer of the
 34 institution or organization, or head official of the public body or legally authorized delegate, show-
 35 ing:

36 (a) A complete description of the property for which exemption is claimed.

37 (b) If applicable, all facts relating to the use of the property by the lessee or, if the lessee is
 38 not in possession of the property, by the entity in possession of the property.

39 (c) A true copy of the lease, sublease or lease-purchase agreement covering the property for
 40 which exemption is claimed.

41 (d) Any other information required by the claim form.

42 (3) If the assessor is not satisfied that the rent stated in the lease, sublease or lease-purchase
 43 agreement has been established to reflect the savings below market rent resulting from the tax ex-
 44 emption, before the exemption may be granted the lessor must provide documentary proof, as spec-
 45 ified by rule of the Department of Revenue, that the rent has been established to reflect the savings

1 below market rent resulting from the tax exemption.

2 (4)(a) The claim must be filed on or before April 1 preceding the tax year for which the ex-
3 emption is claimed, except:

4 (A) If the lease, sublease or lease-purchase agreement is entered into after March 1 but not later
5 than June 30, the claim must be filed within 30 days after the date the lease, sublease or lease-
6 purchase agreement is entered into if exemption is claimed for that year; or

7 (B) If a late filing fee is paid in the manner provided in ORS 307.162 (2), the claim may be filed
8 within the time specified in ORS 307.162 (2).

9 (b) The exemption first applies for the tax year beginning July 1 of the year for which the claim
10 is filed.

11 (5)(a) An exemption granted under this section continues as long as the use of the property re-
12 mains unchanged and during the period of the lease, sublease or lease-purchase agreement.

13 (b) If the use changes, a new claim must be filed as provided in this section.

14 (c) If the use changes due to sublease of the property or any portion of the property from the
15 tax exempt entity described in subsection (1) of this section to another tax exempt entity, the entity
16 in possession of the property must file a new claim for exemption as provided in this section.

17 (d) If the lease, sublease or lease-purchase agreement expires before July 1 of any year, the ex-
18 emption terminates as of January 1 of the same calendar year.

19 **SECTION 7.** ORS 307.130 is amended to read:

20 307.130. (1) As used in this section:

21 (a) "Art museum" means a nonprofit corporation organized to display works of art to the public.

22 (b) "History museum or science museum" means a nonprofit corporation organized to display
23 historical or scientific exhibits, or both, to the public.

24 (c) "Nonprofit corporation" means a corporation that:

25 (A) Is organized not for profit, pursuant to ORS chapter 65 or any predecessor of ORS chapter
26 65; or

27 (B) Is organized and operated as described under section 501(c) of the Internal Revenue Code
28 as defined in ORS 305.842.

29 **(d) "Rehabilitation facility" means a facility defined in ORS 344.710 or a facility that**
30 **provides individuals who have physical, mental or emotional disabilities with occupational**
31 **rehabilitation activities of an educational or therapeutic nature, even if remuneration is re-**
32 **ceived by the individual.**

33 ~~[(d)]~~ (e) "Volunteer fire department" means a nonprofit corporation organized to provide fire
34 protection services in a specific response area.

35 **(f) "Welfare program" means a program to provide food, shelter, clothing or health care,**
36 **including dental service, to needy persons without charge.**

37 (2) Upon compliance with ORS 307.162, the following property owned or being purchased by art
38 museums, volunteer fire departments, or incorporated literary, benevolent, charitable and scientific
39 institutions shall be exempt from taxation:

40 (a) Except as provided in ORS 748.414, only *[such]* real or personal property, or a proportion
41 *[thereof, as]* **of the property, that** is actually and exclusively occupied or used in the literary, be-
42 nevolent, charitable or scientific work carried on by such institutions.

43 (b) Parking lots used for parking or any other use as long as that parking or other use is per-
44 mitted without charge for no fewer than 355 days during the tax year.

45 (c) All real or personal property of a rehabilitation facility or any retail outlet *[thereof]* **of the**

1 **facility**, including inventory. [As used in this subsection, “rehabilitation facility” means either those
 2 facilities defined in ORS 344.710 or facilities which provide individuals who have physical, mental or
 3 emotional disabilities with occupational rehabilitation activities of an educational or therapeutic nature,
 4 even if remuneration is received by the individual.]

5 (d) All real and personal property of a retail store dealing exclusively in donated inventory,
 6 [where] if the inventory is distributed without cost as part of a welfare program or where the pro-
 7 ceeds of the sale of any inventory sold to the general public are used to support a welfare program.
 8 [As used in this subsection, “welfare program” means the providing of food, shelter, clothing or health
 9 care, including dental service, to needy persons without charge.]

10 (e) All real and personal property of a retail store if:

11 (A) The retail store deals [primarily and] on a regular basis in **inventory at least one-half of**
 12 **which is** donated and consigned [inventory];

13 (B) The individuals who operate the retail store are all individuals who work as volunteers; and

14 (C) The inventory is either distributed without charge as part of a welfare program, or sold to
 15 the general public and the sales proceeds used exclusively to support a welfare program. [As used
 16 in this paragraph, “primarily” means at least one-half of the inventory.]

17 (f) The real and personal property of an art museum that is used in conjunction with the public
 18 display of works of art or used to educate the public about art, but not including any portion of the
 19 art museum’s real or personal property that is used to sell, or hold out for sale, works of art, re-
 20 productions of works of art or other items to be sold to the public.

21 (g) All real and personal property of a volunteer fire department that is used in conjunction with
 22 services and activities for providing fire protection to all residents within a fire response area.

23 (h) All real and personal property, including inventory, of a retail store owned by a nonprofit
 24 corporation if:

25 (A) The retail store deals exclusively in donated inventory; and

26 (B) Proceeds of the retail store sales are used to support a not-for-profit housing program whose
 27 purpose is to:

28 (i) Acquire property and construct housing for resale to individuals at or below the cost of ac-
 29 quisition and construction; and

30 (ii) Provide loans bearing no interest to individuals purchasing housing through the program.

31 (3)(a) Upon compliance with ORS 307.162, real and personal property owned or leased by a his-
 32 tory museum or science museum shall be exempt from property taxes if the property:

33 (A) Is used to fulfill the mission of the museum as provided in the articles of incorporation and
 34 bylaws of the museum; and

35 (B) Is used or occupied for one or more of the following purposes:

36 (i) As a food service facility or concession stand selling food and refreshments to museum visi-
 37 tors, volunteers or staff within the museum buildings or on museum grounds.

38 (ii) As a retail store selling inventory, at least 90 percent of which is museum-related, within the
 39 museum buildings or on museum grounds.

40 (iii) As a parking lot, the use of which is permitted without charge for not fewer than 355 days
 41 during the property tax year, for museum visitors, volunteers or staff employed by the museum.

42 (iv) As a theater located in a museum building showing entertainment or educational features,
 43 at least 75 percent of which are museum-related.

44 (v) As unimproved land that is not specially assessed and that is contiguous with the land on
 45 which the museum is situated.

(vi) For displays, storage areas, educational classrooms or meeting areas.

(b) The exemption granted under this subsection does not apply to property used or occupied as a hotel, water park or chapel or for any commercial enterprise.

(4) An art museum or institution shall not be deprived of an exemption under this section solely because its primary source of funding is from one or more governmental entities.

(5) An institution shall not be deprived of an exemption under this section because its purpose or the use of its property is not limited to relieving pain, alleviating disease or removing constraints.

(6) This section does not apply to a hospital or health system that is eligible for exemption from taxation under section 1 of this 2017 Act.

SECTION 8. ORS 307.130, as amended by section 48, chapter 701, Oregon Laws 2015, is amended to read:

307.130. (1) As used in this section:

(a) "Art museum" means a nonprofit corporation organized to display works of art to the public.

(b) "Nonprofit corporation" means a corporation that:

(A) Is organized not for profit, pursuant to ORS chapter 65 or any predecessor of ORS chapter 65; or

(B) Is organized and operated as described under section 501(c) of the Internal Revenue Code as defined in ORS 305.842.

(c) "Rehabilitation facility" means a facility defined in ORS 344.710 or a facility that provides individuals who have physical, mental or emotional disabilities with occupational rehabilitation activities of an educational or therapeutic nature, even if remuneration is received by the individual.

[(c)] **(d) "Volunteer fire department" means a nonprofit corporation organized to provide fire protection services in a specific response area.**

(e) "Welfare program" means a program to provide food, shelter, clothing or health care, including dental service, to needy persons without charge.

(2) Upon compliance with ORS 307.162, the following property owned or being purchased by art museums, volunteer fire departments, or incorporated literary, benevolent, charitable and scientific institutions shall be exempt from taxation:

(a) Except as provided in ORS 748.414, only [such] real or personal property, or a proportion [thereof, as] **of the property, that** is actually and exclusively occupied or used in the literary, benevolent, charitable or scientific work carried on by such institutions.

(b) Parking lots used for parking or any other use as long as that parking or other use is permitted without charge for no fewer than 355 days during the tax year.

(c) All real or personal property of a rehabilitation facility or any retail outlet [thereof] **of the facility**, including inventory. [As used in this subsection, "rehabilitation facility" means either those facilities defined in ORS 344.710 or facilities which provide individuals who have physical, mental or emotional disabilities with occupational rehabilitation activities of an educational or therapeutic nature, even if remuneration is received by the individual.]

(d) All real and personal property of a retail store dealing exclusively in donated inventory, [where] **if** the inventory is distributed without cost as part of a welfare program or where the proceeds of the sale of any inventory sold to the general public are used to support a welfare program. [As used in this subsection, "welfare program" means the providing of food, shelter, clothing or health care, including dental service, to needy persons without charge.]

(e) All real and personal property of a retail store if:

1 (A) The retail store deals [*primarily and*] on a regular basis in **inventory at least one-half of**
2 **which is** donated and consigned [*inventory*];

3 (B) The individuals who operate the retail store are all individuals who work as volunteers; and

4 (C) The inventory is either distributed without charge as part of a welfare program, or sold to
5 the general public and the sales proceeds used exclusively to support a welfare program. [*As used*
6 *in this paragraph, “primarily” means at least one-half of the inventory.*]

7 (f) The real and personal property of an art museum that is used in conjunction with the public
8 display of works of art or used to educate the public about art, but not including any portion of the
9 art museum’s real or personal property that is used to sell, or hold out for sale, works of art, re-
10 productions of works of art or other items to be sold to the public.

11 (g) All real and personal property of a volunteer fire department that is used in conjunction with
12 services and activities for providing fire protection to all residents within a fire response area.

13 (h) All real and personal property, including inventory, of a retail store owned by a nonprofit
14 corporation if:

15 (A) The retail store deals exclusively in donated inventory; and

16 (B) Proceeds of the retail store sales are used to support a not-for-profit housing program whose
17 purpose is to:

18 (i) Acquire property and construct housing for resale to individuals at or below the cost of ac-
19 quisition and construction; and

20 (ii) Provide loans bearing no interest to individuals purchasing housing through the program.

21 (3) An art museum or institution shall not be deprived of an exemption under this section solely
22 because its primary source of funding is from one or more governmental entities.

23 (4) An institution shall not be deprived of an exemption under this section because its purpose
24 or the use of its property is not limited to relieving pain, alleviating disease or removing constraints.

25 **(5) This section does not apply to a hospital or health system that is eligible for ex-**
26 **emption from taxation under section 1 of this 2017 Act.**

27 **SECTION 9.** ORS 305.842, as amended by section 15, chapter 33, Oregon Laws 2016, is amended
28 to read:

29 305.842. As used in ORS 307.130, 307.147, 308A.450, 310.140 and 310.800 **and section 1 of this**
30 **2017 Act**, “Internal Revenue Code” means the federal Internal Revenue Code as amended and in
31 effect on December 31, 2015.

32 **SECTION 10.** **Section 1 of this 2017 Act and the amendments to ORS 305.842, 307.112,**
33 **307.130 and 307.162 by sections 5 to 9 of this 2017 Act apply to property tax years beginning**
34 **on or after July 1, 2017.**

35 **SECTION 11.** **The amendments to ORS 442.200, 442.205 and 442.991 by sections 2 to 4 of**
36 **this 2017 Act become operative on January 1, 2018.**

37 **SECTION 12.** **This 2017 Act takes effect on the 91st day after the date on which the 2017**
38 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**

39