

JLARC will review a property tax exemption for nonprofit cancer clinics and centers

The 2006 Legislature directed JLARC staff to conduct performance audits of tax preferences. These preferences are included in the 10-year review schedule set by the Citizen Commission for Performance Measurement of Tax Preferences.

The 1997 Legislature passed a property tax exemption for all real or personal property owned or used by a nonprofit cancer clinic or center. These facilities provide prevention, detection, and treatment services for cancer patients in an outpatient setting.

At the time the preference was enacted, one cancer clinic was eligible. Since then, additional nonprofit cancer clinics and centers have qualified.



Inferred intent is to provide nonprofit cancer clinics and centers with the same property tax treatment as nonprofit hospitals to support community benefits

Statute provides a property tax exemption for nonprofit hospitals, with an inferred intent of supporting community benefits, such as charity care (medical care for which payment is not expected and patients are not billed). Nonprofit cancer clinics or centers are not considered hospitals under state law and are not eligible for the same exemption.

This preference provides a property tax exemption for nonprofit cancer clinics or centers that is similar to the exemption provided to nonprofit hospitals. Beneficiaries must be recognized 501(c)(3) nonprofit organizations or be formed by a municipal hospital corporation. The exempt property must be used primarily for cancer prevention, detection, and treatment.

This study will address the following questions:

1. To what extent has the preference been used, what are the beneficiary savings, and how does this compare to the anticipated usage?
2. What community benefits do beneficiaries provide?
3. How does the value of beneficiaries' charity care and other community benefits compare to the tax savings?

Study Timeframe

Preliminary Report: July 2022

Proposed Final Report: December 2022

Study Team

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JLARC Study Process

