



NEWS RELEASE

**STATE BOARD
OF EQUALIZATION**

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FOR IMMEDIATE RELEASE

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BOARD RELEASES STATEWIDE REVIEW OF NONPROFIT HOSPITAL ORGANIZATIONS

The State Board of Equalization (BOE) today released a review of approximately 200 hospital organizations that are exempt from local property taxes under the welfare exemption as nonprofit entities.

The BOE regularly reviews the status of organizations eligible for property tax exemption every three years. The most recent review included all hospitals previously cleared with an Organizational Clearance Certificate (OCC) from the BOE and found that each organization continues to qualify for the property tax exemption.

State law relieves certain non-profit entities with hospital, charitable, religious, or scientific purposes from local property taxes. To qualify for the exemption, an organization must have tax-exempt status from either the Internal Revenue Service (IRS) or the Franchise Tax Board (FTB) and must hold an OCC from the BOE as a qualifying nonprofit hospital organization. Local assessors then determine if the organization's property qualifies for the tax exemption based on its use.

Non-profit hospital organizations meeting all other requirements are deemed exempt from property tax under state law if their operating revenues do not exceed their operating expenses by 10 percent in any given year. However, hospitals may still be eligible for the exemption if their funds are used for facility expansion, debt retirement, or contingency reserves. Fifteen hospital organizations were found to have additional revenues that were used for allowable purposes. Over half of them reserved surplus revenues to comply with California's Seismic Safety Act.

Click [here](#) to view a full copy of the report.

The five-member Board of Equalization is a publicly elected tax board. The Board collects almost \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property taxes.

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