



POLK COUNTY

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ASSESSOR'S OFFICE

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March 7, 2017
House Committee on Revenue
HB 2115 - Supplemental Information to Testimony

Douglas Schmidt, Polk County Assessor for the Oregon State Association of County Assessors (OSACA)

As stated in my testimony, assessors are looking to the legislature for clearly identified policy, intent and qualifying criteria for any property and/or organization seeking property tax exemption.

With that purpose in mind, here are some of my observations from testimony provided on March 6, 2017 that deal with policy, intent and qualification.

- 1) HB 2115 includes property tax exemptions for individual Hospitals and also a new entity, Health Systems. If a hospital is part of a Health System, Community Benefits, and the determination of property tax exemption, will be determined based on the Health System, not on each individual facility.
 - Systems cross state lines
 - Systems include facilities that may not meet the Charitable Benefit criteria on an individual facility or location basis
 - The state, counties or cities may be subsidizing facilities located in other states, areas of this state, county or city
 - o A Health System may meet the Charitable Benefit criteria due to a couple of facilities while the others in the system do not individually meet the criteria
- 2) The determining criteria for property tax exemption for hospitals and health systems is moving away from the actual charity being done by a hospital and into the Community Benefit the hospital or hospital system provides.
- 3) To move the tax exemption criteria even further from actual charity care, the Community Benefits calculations are moving to include Social Determinants of Health.
 - Social determinants of health are “the structural determinants and conditions in which people are born, grow, live, work and age.” They include factors like socioeconomic status, education, the physical environment, employment, and social support networks, as well as access to health care (The Henry J. Kaiser Family Foundation, Beyond Health Care: The Role of Social Determinants in Promoting Health and Healthy Equity, Nov. 04, 2015, Harry J. Heiman and Samantha Artiga).

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- Housing for Health affordable housing project through Central City Concern. The investment of \$21.5 million will support 382 new housing units across three locations, including one with an integrated health center in Southeast Portland. “Housing has a direct impact on health.” (Dr. George Brown, President and Chief Executive Office of Legacy Health).
 - The Eastside Health Center will serve medically fragile people and people in recovery from addictions and mental illness with a first floor clinic and housing for 176 people and offer 24-hour medical staffing on one floor. (Housing is Health September 23, 2016 Press Release)
 - Page 1, line 7 defines Health Services as the meaning given in ORS 442.015 which states “Health services” means clinically related diagnostic, treatment or rehabilitative services, and includes alcohol, drug or controlled substance abuse and mental health **services that may be provided either directly or indirectly on an inpatient or ambulatory patient basis.**
- 4) Community Benefits are moving away from specific qualifying metrics. (Kaiser representative)
 - 5) Rehabilitative and transitional housing provided at hospital locations was discussed as part of the health process.
 - 6) Does a Health System that incorporates a teaching and research hospital (such as OHSU) with local hospitals and clinics (Salem Health) affect the Community Benefit calculation?
 - 7) Is there an organizational and structural difference between a Hospital that may own ancillary clinics and a Health System?
 - 8) For-profit medical clinics are being purchased to keep the services in the area.
 - 9) The exemption statutes for Hospitals and Medical Clinics must be distinct and separate from each other and ORS 307.130. I am not sure the Medical Clinics bill, HB 2047, was intended to be part of the qualification criteria for hospital clinics or health system clinics but in testimony it was discussed as part of the qualification criteria.