



Bill Draft 2025-DFfz-5: Nonprofit Hospital Property Tax Mods.

2025-2026 General Assembly

Committee:	House Select Committee on Property Tax Reduction and Reform	Date:	March 18, 2026
Introduced by:		Prepared by:	Trina Griffin and Zoey Howe
Analysis of:	2025-DFxfz-5		Committee Co-Counsel

OVERVIEW: *Bill Draft 2025-DFxfz-5 would reduce the property tax exemption for nonprofit hospitals to 50% of the appraised value of real and personal property that is owned by a nonprofit hospital and used for charitable hospital purposes, effective for taxes imposed for taxable years beginning on or after July 1, 2026.*

CURRENT LAW: Under current law, real and personal property held for or owned by a nonprofit hospital is 100% exempt from taxation if it is actually and exclusively used for charitable hospital purposes. A charitable hospital purpose is defined as follows:

"...a hospital purpose that has humane and philanthropic objectives; it is a hospital activity that benefits humanity or a significant rather than limited segment of the community without expectation of pecuniary profit or reward. However, the fact that a qualifying hospital charges patients who are able to pay for services rendered does not defeat the exemption granted by this section."

Despite the exclusive use requirement, a nonprofit hospital that uses only a portion of its property for a charitable hospital purpose may receive the exemption for that portion of the property.

BILL ANALYSIS: This bill draft would limit a nonprofit hospital's property tax exemption to 50% of the appraised value of all real and personal property owned by the nonprofit hospital if the property is actually and exclusively used for a charitable hospital purpose. The bill maintains the permissive partial exemption language, which would allow that portion of a nonprofit hospital that meets the actual and exclusive use requirements to be eligible for the 50% exemption.

EFFECTIVE DATE: This act would become effective for taxes imposed for taxable years beginning on or after July 1, 2026.

BACKGROUND: At its February 18, 2026 meeting, the House Select Committee on Property Tax Reduction and Reform heard a presentation on the current law as it relates to the property tax exemption and sales tax refund available to nonprofit hospitals. The presentation is linked [here](#).

Kara McCraw
Director



Legislative Analysis
Division
919-733-2578