

# UTAH

## Community Benefit Requirement

Utah requires that nonprofit hospitals provide community benefits as a condition for property tax exemption.

Utah's Property Tax Exemption Standards of Practice (Standards of Practice) require charitable institutions to contribute "something of value ... to the common good" as a "gift to the community ... identified either by a substantial imbalance in the exchange between the charity and the recipient of its services or in the lessening of a government burden through the charity's operation." [Utah County v. Intermountain Health Care, Inc.](#), 709 P.2d 265, 269 (Utah 1985). These gifts may include unreimbursed indigent care, medical discounts, community education and service, donations of time, donations of money, operation of critical services or programs that might not otherwise be available in the community, or the continued operation of hospitals at a loss. Each nonprofit hospital must establish a charity care plan and have an open access policy that permits indigent persons to receive needed services for no charge or for a reduced charge in accordance with their ability to pay. [Standards of Practice, Appendix 2D, Standards III-V](#), (2014) pp. 32-34.

## Minimum Community Benefit Requirement

As a condition of property tax exemption, Utah requires a nonprofit hospital to contribute annual "gifts to the community" (community benefits) in an amount exceeding the value of its annual property tax liability in the absence of the exemption. [Standards of Practice, Appendix 2D, Standard V](#), (2014) p. 33.

## Community Benefit Reporting Requirement

Utah requires community benefit reporting as a condition of property tax exemption.

## Community Health Needs Assessment

Utah does not require nonprofit hospitals to conduct community health needs assessments.

A rebuttable presumption of compliance with the requirements for property tax exemption arises if the hospital is governed by a Board composed of a broad-based membership from the community served by the hospital; confers at least annually with the county board of equalization about the community's clinical needs that the hospital might appropriately address; and maintains a charity plan to ensure compliance with the Standards of Practice. [Standards of Practice, Appendix 2D, Standard IV](#), (2014) p. 33.



## Community Benefit Plan/Implementation Strategy

Utah does not require nonprofit hospitals to develop community benefit plans or implementation strategies.

## Financial Assistance Policy

Utah requires nonprofit hospitals to adopt and implement financial assistance policies as a condition of tax exemption.

As a condition of property tax exemption, Utah requires nonprofit hospitals to develop an “open access policy” that provides for indigent persons receiving needed medical services for no charge or for a reduced charge in accordance with their ability to pay. [Standards of Practice, Appendix 2D, Standard III](#) (2014) p. 32.

## Financial Assistance Policy Dissemination

Utah requires nonprofit hospitals to adopt and implement financial assistance policies.

As a condition of property tax exemption, a nonprofit hospital must “provide evidence of its efforts to affirmatively inform the public of its open access policy and the availability of services for the indigent.” [Standards of Practice, Appendix 2D, Standard III](#), (2014) p. 32.

## Limitations on Charges, Billing, and Collections

As a condition of property tax exemption, Utah limits what nonprofit hospitals may charge indigents who are unable to pay the charges ordinarily billed.

To qualify for property tax exemption, a nonprofit hospital must ensure that “indigent persons who, in the judgment of the admitting physician, require the service generally available at the hospital ... receive those services for no charge or for a reduced charge, in accordance with their ability to pay.” [Standards of Practice, Appendix 2D, Standard III](#), p. 32.

## Income Tax Exemption

Utah law exempts nonprofit hospitals from state income tax.

Utah law exempts from state income tax organizations that are exempt from federal income tax under Internal Revenue Code §501. [Utah. Code. §59-7-102.](#)



## Property Tax Exemption

Utah law exempts from taxation property owned by a nonprofit hospital that complies with the Standards of Practice.

Utah law exempts from state property tax nonprofit hospitals that satisfy the requirements of the Standards, including adoption of an open access policy, informing the public of their charity plans and charity and discounted care policies, adoption of policies reflecting the public interest, and making annual “gifts to the community” in amounts that exceed their property tax liabilities in the absence of exemption. [Standards of Practice, Appendix 2D, Standard III-V](#), (2014) pp. 32 – 34.

## Sales Tax Exemption

Utah exempts charitable institutions from sales and use tax.

Utah law exempts from state sales and use tax sales made to or by charitable institutions “in the conduct of their regular charitable ... functions and activities.” [Utah Code §59-12-104\(8\)](#), [Utah Code §59-12-104.1](#).

