

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 25-2—HB 7067

Emergency Certification

AN ACT CONCERNING AN EMERGENCY CERTIFICATE OF NEED APPLICATION PROCESS FOR TRANSFERS OF OWNERSHIP OF HOSPITALS THAT HAVE FILED FOR BANKRUPTCY PROTECTION, THE ASSESSMENT OF MOTOR VEHICLES FOR PROPERTY TAXATION, A PROPERTY TAX EXEMPTION FOR VETERANS WHO ARE PERMANENTLY AND TOTALLY DISABLED AND FUNDING OF THE SPECIAL EDUCATION EXCESS COST GRANT

SUMMARY: This act (1) establishes a new emergency certificate of need (CON) process, (2) creates an option for municipalities to adopt a modified depreciation schedule for vehicles, and (3) adjusts the property tax exemption for permanently and totally disabled veterans.

Specifically, the act establishes a separate emergency CON process for bankruptcy-related hospital ownership transfers and sets application, public hearing, and other related requirements (§ 1).

Beginning with the 2024 assessment year (i.e. for tax bills sent out beginning July 1, 2025), the act also allows municipalities to adopt a modified depreciation schedule for vehicles, generally increasing their values for property tax purposes, and establishes requirements for them to do so (§ 2).

The act also modifies the property tax exemption for veterans with a permanent and total disability to specify that the exemption applies to veterans if they have been determined by the U.S. Department of Veterans Affairs (U.S. DVA) to be permanently and totally disabled based on a service-connected disability rating of 100% (§ 4). Additionally, it makes a conforming change to another property tax exemption for disabled veterans (§ 5).

Related to these changes concerning property taxes, the act also generally (1) allows municipalities, by April 15, 2025, to amend their 2024 grand lists; (2) gives aggrieved taxpayers a 30-day period to file assessment appeals; and (3) requires municipal boards of assessment appeals to hear appeals over a specified 16-day period. It also allows municipalities that have adopted budgets or levied taxes for FY 26 to amend them by June 15, 2025 (§§ 3 & 6).

Lastly, the act also made a change to the FY 25 appropriations for the excess cost grant (§ 7, which was vetoed by the governor, but similar to a provision adopted in SA 25-1).

EFFECTIVE DATE: Upon passage, with the provisions modifying property tax exemptions applicable to assessment years starting on or after October 1, 2024.

§ 1 — EMERGENCY CERTIFICATE OF NEED FOR BANKRUPTCY-RELATED HOSPITAL OWNERSHIP TRANSFERS

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By law, the Office of Health Strategy's (OHS) Health Systems Planning Unit (HSPU) administers the state's CON program for health care entities. Under this program, health care entities must generally receive CON approval when establishing new facilities or services, changing ownership, acquiring certain equipment, or terminating certain services.

The act establishes a separate emergency CON process for the ownership transfer of hospitals (1) that applied to a court for bankruptcy protection and (2) whose potential buyer has been or must be approved by the bankruptcy court. Regardless of the state's existing CON law, transacting parties involved in such a hospital's ownership transfer may apply, at the OHS commissioner's discretion, to OHS for an emergency CON through the new process the act establishes.

Under the act, an emergency CON issued by HSPU and any conditions imposed on it apply to (1) the applicant, (2) the hospital subject to the ownership transfer, and (3) any subsidiary or group practice that would otherwise require a CON under existing law that is also subject to the ownership transfer as part of the bankruptcy proceeding.

The act specifies that the new emergency CON process does not affect any existing CON issued under existing law.

Application Submission

The act requires HSPU to develop an emergency CON application that identifies any required data submission needed to analyze the hospital ownership transfer's effects on health care costs, quality, and access in the affected market. If the hospital's potential buyer is a for-profit entity, the application may require additional information or data to ensure the hospital's ongoing operation post-transfer maintains the public interest.

Under the act, applicants must submit an emergency CON application as the OHS commissioner chooses, and she must post the application on the OHS website. The commissioner may change the application's required data submission, so long as she posts the change on the OHS website at least 15 days before it takes effect.

An application is deemed complete on the date HSPU determines the applicant submitted a complete application, including any required data submission. The act requires HSPU to make this determination within three business days after the submission.

Under the act, if HSPU determines an application is incomplete, it must notify the applicant within three business days after making the determination and identify any inadequate information or data. HSPU cannot review an application until the applicant submits the requested information or data.

Public Hearings and Comments

Under the act, HSPU may hold a public hearing on an emergency CON application if it does so within 30 days after it determines the application is complete and notifies the applicant at least five days before the hearing date. The public may submit comments at any time during the application process and may

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request that HSPU use its discretion to hold a public hearing.

Public hearings or other proceedings related to the emergency CON process are not considered a contested case under the Uniform Administrative Procedure Act.

Application Review

When reviewing an application, the act authorizes HSPU to consult with anyone and consider any relevant information. Unless federal or state law prohibits it, the act requires HSPU to include any opinion or information it gathers when doing so in the application record and cite it in the unit's final decision on the application.

Third-Party Consultants

The act authorizes HSPU to contract with third-party consultants to analyze (1) the anticipated effect of the hospital ownership transfer on health care access, cost, and quality in the affected community and (2) any other issues arising from the application review process.

Under the act, HSPU must include in the application record any of the consultants' reports or analyses that the unit considered when issuing its final decision, unless federal or state law prohibits it.

The applicant must pay for the consultants, whose aggregated costs cannot exceed \$200,000. The act specifies that these retainer agreements are not subject to existing laws on (1) the Department of Administrative Services, (2) consultant and personal service agreements with the state, and (3) methods for awarding state contracts.

Final Decisions

The act requires HSPU to issue a final decision on an emergency CON application within 60 days after it determines the application is complete. The final decision must (1) express the anticipated effect of the hospital's ownership transfer on health care access, cost, and quality in the affected community, and (2) assess the transfer's effect on health care market concentration and Medicaid recipients' access to health care.

When issuing a final decision, the act requires HSPU to consider the effect of the hospital's bankruptcy on the patients and communities the hospital serves and the applicant's plans to restore the hospital's financial viability.

Under the act, HSPU's final decision on an emergency CON application, including any conditions imposed on its approval (see below), cannot be appealed.

Conditional Approval

Under the act, HSPU may impose conditions on an approved application, so long as the conditions are (1) consistent with the state's existing CON program and (2) reasonable in time and scope. Before imposing a condition, the unit must weigh the value of doing so in promoting the existing CON program's purpose with the

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cumulative burden on the applicant and other transacting parties.

If HSPU imposes conditions on its approval, its final decision must include a concise statement of (1) the legal and factual basis for the condition and (2) which health care criterion (i.e. access in the affected area, cost, or quality) the condition intends to promote.

Under the act, an applicant or other transacting party may request, in a manner HSPU sets, an amendment to or relief from any condition due to changed circumstances, hardship, or other good cause. HSPU may grant or deny the request.

§ 2 — OPTIONAL MOTOR VEHICLE DEPRECIATION SCHEDULE

Existing law requires municipal assessors to value vehicles using their manufacturer's suggested retail price (MSRP), subject to a 20-year depreciation schedule. Beginning with the 2024 assessment year, the act allows municipalities to adopt a modified depreciation schedule for vehicles. The modified schedule generally increases, by five percentage points, the taxable portion of a vehicle's MSRP that is subject to property tax. By law, a vehicle's property tax assessment equals its depreciated MSRP value multiplied by 70%.

To adopt the modified schedule, the municipality's legislative body (or board of selectmen where the body is a town meeting) must vote in favor of it. The municipality must then notify the Office of Policy and Management (OPM).

The act also allows municipalities that published a grand list before the act's passage to make certain adjustments to their 2024 grand lists and FY 26 budgets and tax levies, subject to certain conditions (see §§ 3 & 6).

Modified Depreciation Schedule

As shown in the table below, the act allows municipalities to adopt a modified schedule that values new vehicles (up to one year old) at 90% of their MSRPs, rather than 85%, and correspondingly increases the values for older vehicles by five percentage points. By law, unchanged by the act, the minimum assessment amount is \$500.

**Valuations Under the General Schedule
and the Act's Optional Modified Schedule**

Vehicle Age (in years)	% of MSRP	
	General Schedule	Modified Schedule
Up to 1	85	90
2	80	85
3	75	80
4	70	75
5	65	70
6	60	65
7	55	60
8	50	55
9	45	50

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Vehicle Age (in years)	% of MSRP	
	General Schedule	Modified Schedule
10	40	45
11	35	40
12	30	35
13	25	30
14	20	25
15-19	15	20
20+	≥ \$500	≥ \$500

Notice to OPM

If a municipality adopts the act's modified schedule, it must notify OPM within 14 days. The notice must specify the first assessment year the municipality will begin using the modified schedule and be provided in a form and way the OPM secretary sets.

§§ 4 & 5 — PERMANENT AND TOTAL VETERAN PROPERTY TAX EXEMPTION

PA 24-46 fully exempted from property tax a primary dwelling or motor vehicle for each former member of the armed services (i.e. veteran) who has a service-connected permanent and total disability rating (often referred to as "P&T rating") from the U.S. DVA. The act instead specifies that a veteran qualifies for the exemption if he or she is determined by the U.S. DVA to be permanently and totally disabled based on a 100% service-connected disability rating. It also makes conforming changes.

By law, if the qualifying veteran dies, the exemption may transfer to his or her surviving spouse or minor children subject to certain conditions. The act allows the transferred exemption to apply to eligible property belonging to the qualifying veteran's minor children, as well as property held in trust for them as existing law allows.

§§ 3 & 6 — GRAND LIST ADJUSTMENTS, TAX APPEALS, AND BUDGET AND TAX LEVY CHANGES

The act authorizes municipalities that adopted a 2024 grand list before the act's passage to make certain adjustments to their 2024 grand lists and FY 26 budgets and tax levies. For towns that choose to make these adjustments, the act allows taxpayers to appeal their assessments and sets procedural requirements for these appeals hearings. The act also provides similar, overlapping authority specifically for municipalities that adopt the act's modified motor vehicle depreciation schedule (see § 2).

Adjustments to 2024 Grand Lists

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Existing law generally requires municipal assessors to publish the grand lists for their towns by January 31 annually, unless they are granted an extension under the law. The act authorizes any municipal assessor that published the grand list for the October 1, 2024, assessment year (i.e. the 2024 grand list) before the act's passage to disregard, adjust, and republish the grand list by April 15, 2025 (the act was signed into law on March 3, 2025). (Under the provision specific to municipalities that adopt a modified depreciation schedule, municipalities may only adjust their grand lists to reflect the newly adopted depreciation schedule (§ 3).)

Extended Assessment Appeals Period

In towns that published their 2024 grand lists before the act's passage, the act allows taxpayers who are aggrieved by an assessor's actions to appeal those actions to the town's board of assessment appeals by April 2, 2025. It does so regardless of the laws that generally set the deadline for filing these appeals by February 20.

The act requires the boards to meet to hear appeals over a 16-day period, from April 17 to May 2, 2025. As under existing law, they must allow appeals to be heard on business days, which included Saturdays.

The act's timelines allow towns to provide notice before a hearing, but its procedures do not require it. Under the act, the boards of assessment appeals must, by May 2, 2025, notify each taxpayer who filed an appeal with either (1) the appeal hearing's date, time, and place or (2) a determination that the board has elected not to hold an appeal hearing. The act's timelines and procedures apply regardless of the law that otherwise (1) requires boards to hold a hearing on any appeal except those for commercial, industrial, utility, or apartment properties assessed at over \$1 million; (2) requires boards to notify these appellants by March 1 about their decision not to hold a hearing; and (3) allows these appellants to appeal the board's decision not to hold a hearing directly to Superior Court.

Submission of Corrected 2024 Grand List

The act requires municipal assessors in these towns, by June 1, 2025, to transmit a report (abstract) of the grand list that the board of assessment appeals examined and corrected to the OPM secretary. It does so regardless of the law that required them to file this report by May 1.

FY 26 Budget and Tax Adjustments

The act authorizes municipalities that already adopted a budget or levied taxes for FY 26 to adjust them by June 15, 2025. Municipalities must (1) amend their budgets in the same way they originally adopted them and (2) adjust their tax levy and any remaining tax installments. If they levied a tax for FY 26 due in a single installment, they may mail or hand deliver taxpayers a supplemental tax bill for any additional taxes resulting from the adjusted tax levy.

The act allows municipalities to make these adjustments regardless of any conflicting requirements in special acts, municipal charters, home rule ordinances,

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or laws on municipalities or levying and collecting property taxes.

BACKGROUND

Related Acts

PA 25-168, §§ 233-239, makes additional changes to the 100% P&T veteran property tax exemption, including modifying the exemption's scope, proof of eligibility requirements, and portability, among other things.

SA 25-1 establishes a special education emergency municipal assistance account and transfers \$40 million into it for making grants to municipalities for special education costs.