

WEST VIRGINIA LEGISLATURE

2019 REGULAR SESSION

Introduced

House Bill 2375

**FISCAL
NOTE**

BY DELEGATE MCGEEHAN AND KUMP

[Introduced January 14, 2019; Referred
to the Committee on Health and Human Resources
then Finance.]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section,
 2 designated §11-15-9q, relating to creating the Save the Hospitals Act; exempting nonprofit
 3 hospitals that provide a certain amount of uncompensated care from sales tax and
 4 requiring West Virginia Hospital Finance Authority to promulgate rules to effectuate this
 5 section.

Be it enacted by the Legislature of West Virginia:

ARTICLE 15. CONSUMERS SALES AND SERVICE TAX.

§11-15-9q. Exemption for nonprofit hospitals providing uncompensated care.

1 (a) Short Title. – This section shall be known and may be cited as the “Save the Hospitals
 2 Act.”

3 (b) Definitions. –

4 (1) “Hospital” has the same meaning as provided in §16-5B-1 of this code.

5 (2) “Nonprofit hospital” means any hospital that is exempt from federal income tax under
 6 26 U.S.C. § 501(c)(3) of the Internal Revenue Code.

7 (3) “Taxable year” means the calendar year, or the fiscal year ending during such calendar
 8 year, upon the basis of which tax liability is computed under this article. “Taxable year” means,
 9 in case of a return made for a fractional part of a year under the provisions of this article, or under
 10 regulations promulgated by the Tax Commissioner, the period for which the return is made.

11 (4) “Total net patient revenue” means the estimated net realized amounts from patients,
 12 third-party payors and others for health care services rendered, including estimated retroactive
 13 adjustments due to future audits, reviews, settlements and investigations.

14 (5) “Uncompensated care costs” means the dollar amount entered into Line 31 of
 15 Worksheet S-10 of a provider’s Medicare Cost Report and submitted to the United States
 16 Secretary of Health and Human Services or his or her designee, pursuant to 42 USCS § 1395h
 17 and 42 C.F.R. §413.20.

18 (c) Notwithstanding any provision of this code, any nonprofit hospital that incurred
19 uncompensated care costs equal to or greater than four percent of the hospital's total net patient
20 revenue during the hospital's taxable year ending in the calendar year of 2018 is exempt from the
21 tax imposed by this article for the duration of the hospital's taxable year ending in 2019.
22 Thereafter, any nonprofit hospital that incurs uncompensated care costs equal to or greater than
23 four percent of the hospital's total net patient revenue during a taxable year is exempt from the
24 tax imposed by the article for the duration of the subsequent taxable year.

25 (d) The West Virginia Hospital Finance Authority shall issue a form by which a hospital
26 may apply for the exemption created by this section. The Tax Commissioner shall promptly issue
27 a certificate of exemption to any hospital that qualifies for an exemption under this section and
28 files an application for the exemption before the end of the taxable year in which the hospital is
29 exempt. If a hospital pays any amount of sales tax after applying for but before receiving a
30 certificate of exemption during a year in which the hospital is exempt under this section, the Tax
31 Commissioner shall issue a refund for any such amount.

32 (e) The West Virginia Hospital Finance Authority shall, no later than July 1, 2019, propose
33 rules to effectuate and administer this section.

NOTE: The purpose of this bill is to create the Save the Hospitals Act; exempting nonprofit hospitals that provide a certain amount of uncompensated care from sales tax and requiring West Virginia Hospital Finance Authority to promulgate rules to effectuate this section.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.