

SENATE BILL REPORT

SB 5574

AS OF FEBRUARY 19, 1991

Brief Description: Limiting the business and occupation tax exemption for certain nonprofit hospitals.

SPONSORS: Senators Niemi and McDonald.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Hearing Dates:

BACKGROUND:

Nonprofit hospitals are authorized a deduction from the state business and occupation tax for compensation received from patient care and from sales of prescription drugs to patients.

SUMMARY:

No business and occupation tax deduction is allowed for nonprofit hospitals unless the hospital provided charity care in the reporting period in an amount equal to or exceeding 1.5 percent of total patient revenue of the hospital for the reporting period. Charity care is defined as necessary hospital health care rendered to persons below 200 percent of the federal poverty standards to the extent they are unable to pay for the care or to pay deductibles.

Appropriation: none

Revenue: none

Fiscal Note: requested February 13, 1991