

SENATE BILL REPORT

SB 5290

AS PASSED SENATE, MARCH 4, 1993

Brief Description: Reducing the tax burden on free hospitals.

SPONSORS: Senators Wojahn, Snyder, Moyer, Sellar, Bauer, McCaslin, Deccio, Vognild and Winsley

SENATE COMMITTEE ON HEALTH & HUMAN SERVICES

Majority Report: Do pass.

Signed by Senators Talmadge, Chairman; Wojahn, Vice Chairman; Deccio, Erwin, Franklin, Fraser, Hargrove, McAuliffe, McDonald, Moyer, Prentice, Quigley, Sheldon, L. Smith, and Winsley.

Staff: Martin Lovinger (786-7443)

Hearing Dates: February 4, 1993

BACKGROUND:

Sales to hospitals of tangible goods which are used to operate the hospital or provide health care services are subject to retail and use taxes. Certain items, such as prescription drugs and prosthetic devices are currently exempt.

SUMMARY:

"Free hospitals" are defined as those which do not charge patients for health care. These hospitals are exempt from retail and use taxes on items sold to them for the reasonably necessary operation of and provision of health care.

Appropriation: none

Revenue: none

Fiscal Note: requested January 25, 1993

Effective Date: The bill contains an emergency clause and takes effect immediately.

TESTIMONY FOR:

Since November 15, 1924, Shriner's Children's Hospital has never charged anyone for services rendered. They are the only hospital in the state which would qualify as a "free hospital" under this bill. The tax relief provided in this bill would result in more services for the children needing them. The hospital is a unique facility providing easy access and long-term care for children. They have saved the state untold amounts on health care expenditures.

TESTIMONY AGAINST: None

TESTIFIED: PRO: Dave Broderick, Hospital Association; Howard L.
Parrett, Shriner's Hospital