

# WEST VIRGINIA LEGISLATURE

## 2016 REGULAR SESSION

**Introduced**

### **House Bill 4288**

**FISCAL  
NOTE**

BY DELEGATES MCGEEHAN, HILL, FAIRCLOTH, IHLE AND

J. NELSON

[Introduced January 27, 2016;

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 §11-15-9o, 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:*

1 That the Code of West Virginia, 1931, as amended, be amended by adding thereto a new  
 2 section, designated §11-15-9o, to read as follows:

**ARTICLE 15. CONSUMERS SALES AND SERVICE TAX.**

**§11-15-9o. 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 section one, article five-b, chapter  
 5 sixteen of this code.

6 (2) "Nonprofit hospital" means any hospital that is exempt from federal income tax under  
 7 26 U.S.C. § 501(c)(3) of the Internal Revenue Code.

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

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

15 (5) "Uncompensated care costs" means the dollar amount entered into Line 31 of  
 16 Worksheet S-10 of a provider's Medicare Cost Report and submitted to the United States

17 Secretary of Health and Human Services or his or her designee, pursuant to 42 USCS § 1395h  
18 and 42 C.F.R. §413.20.

19 (c) Notwithstanding any provision of this code, any nonprofit hospital that incurred  
20 uncompensated care costs equal to or greater than four percent of the hospital's total net patient  
21 revenue during the hospital's taxable year ending in the calendar year of 2015 is exempt from the  
22 tax imposed by this article for the duration of the hospital's taxable year ending in 2016.  
23 Thereafter, any nonprofit hospital that incurs uncompensated care costs equal to or greater than  
24 four percent of the hospital's total net patient revenue during a taxable year is exempt from the  
25 tax imposed by the article for the duration of the subsequent taxable year.

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

33 (e) The West Virginia Hospital Finance Authority shall, no later than July 1, 2016,  
34 promulgate 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.

This section is new; therefore, they have been completely underscored.