WEST virginia legislature

2021 regular session

Introduced

House Bill 2207

By Delegate McGeehan

[Introduced February 10, 2021; Referred to the Committee on Health and Human Resources then Finance]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section, designated §11-15-9t, relating to creating 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.

Be it enacted by the Legislature of West Virginia:

ARTICLE 15. CONSUMERS SALES AND SERVICE TAX.

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

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

(b) *Definitions*. –

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

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

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

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

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

(c) Notwithstanding any provision of this code, any nonprofit hospital that incurred uncompensated care costs equal to or greater than four percent of the hospital’s total net patient revenue during the hospital’s taxable year ending in the calendar year of 2020 is exempt from the tax imposed by this article for the duration of the hospital’s taxable year ending in 2021. Thereafter, any nonprofit hospital that incurs uncompensated care costs equal to or greater than four percent of the hospital’s total net patient revenue during a taxable year is exempt from the tax imposed by the article for the duration of the subsequent taxable year.

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

(e) The West Virginia Hospital Finance Authority shall, no later than July 1, 2021, propose 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.