

SENATE BILL REPORT

SB 5794

AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 4, 1991

**Brief Description:** Providing a business and occupation tax deduction for certain hospitals.

**SPONSORS:** Senators Niemi and McDonald.

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** Do pass.

Signed by Senators McDonald, Chairman; Bailey, Bluechel, Gaspard, L. Kreidler, Matson, Murray, Niemi, Rinehart, Talmadge, Williams, and Wojahn.

**Staff:** Terry Wilson (786-7715)

**Hearing Dates:** February 28, 1991; March 4, 1991

**BACKGROUND:**

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

**SUMMARY:**

No business and occupation tax deduction is allowed for public or 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 21, 1991

**TESTIMONY FOR:** None

**TESTIMONY AGAINST:**

Credit should be given for the unfunded cost of state and federal programs. It is difficult to distinguish between bad debts and charity care.

**TESTIFIED:** Dave Broderick, Hospital Assn (con)