



STATE OF WASHINGTON

DEPARTMENT OF REVENUE
OFFICE OF THE DIRECTOR

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July 1, 2009

TO: The Honorable Margarita Prentice, Chair
Senate Ways and Means Committee

The Honorable Ross Hunter, Chair
House Finance Committee

FROM: Cindi L. Holmstrom, Director

SUBJECT: REPORT ON TAX CREDIT FOR PATIENT-HANDLING DEVICES

This report is submitted to the Legislature pursuant to RCW 82.04.4485(7). It contains a brief summary of the activity to date for the B&O tax credit for purchases of safe patient-handling devices by hospitals. This incentive was adopted by the Legislature in 2006. It is intended to encourage hospitals to acquire mechanical lifting devices to improve safety, for both patients and hospital staff, relating to transporting patients within their facilities.

The credit has been in effect for just over two years. So far, almost two-thirds of the eligible hospitals have utilized the credit, and the total amount of B&O tax credits taken is nearly \$6.5 million. The program will expire in one and one-half more years, and eligible devices must be purchased by the end of Calendar Year 2010. However, tax credits may be carried over to future reporting periods until fully utilized.

The report was prepared by our Research Division under the direction of Kathy Oline, Assistant Director. If you have questions about this program, please contact Kathy at (360) 570-6076.

cc: Tom Hoemann, Secretary, Washington State Senate
Barbara Baker, Chief Clerk, Washington State House of Representatives
Marty Brown, Director of Legislative Affairs, Office of the Governor
Victor Moore, Director, Office of Financial Management



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DEPARTMENT OF REVENUE

Research Report #2009-2

**SAFE PATIENT HANDLING DEVICES CREDIT
ESHB 1672 - RCW 82.04.4485**

**Department of Revenue
July 1, 2009**

Background

In the 2006 session, the Legislature adopted ESHB 1672 requiring hospitals to acquire a minimum number of safe patient handling devices by January 30, 2010. The bill was intended to address safety concerns for patients who are lifted manually and to reduce back injuries among those in the nursing profession.

The legislation provided a B&O tax credit for amounts spent between June 7, 2006, and December 30, 2010, on mechanical lifting devices or other equipment used to minimize patient handling. Each hospital is limited to a lifetime credit of \$1,000 per acute care available inpatient bed. The maximum is based on available beds, not on licensed beds. A credit earned during one calendar year may be carried over to be credited against taxes incurred in a subsequent calendar year. The statewide credit is limited to \$10 million. The Department of Revenue must notify hospitals and disallow credits that exceed the statewide limit.

The actual number of acute care available inpatient beds is currently being examined. Based on a 2007 list from the Department of Health, the number of beds eligible for the patient lifting device credit is between 7,898 and 9,786, depending on the inclusion of the 1,888 intensive care and semi-intensive care beds. There are currently 90 eligible hospitals in Washington; including public hospital districts, private not-for-profit hospitals, private for-profit hospitals, and three state hospitals. The majority of the hospitals are in public hospital districts or private not-for-profit hospitals.

The Department of Revenue is statutorily required to issue an annual report on July 1st of each year on the amount of credits claimed by hospitals.

Credits Taken by Hospitals

Hospitals have taken over \$6 million in credits in the three years since the effective date of the legislation. So far, seventy hospitals—almost three-quarters of the eligible hospitals—have utilized the credit. Thirty hospital locations have met their individual caps of \$1,000 per acute care available inpatient bed. Of the hospitals taking the credit thus far, there are approximately 8,109 available acute care beds reported, subject to discussion. At \$1,000 credit each, this

calculates to \$8.1 million in eligible credit. To date, hospitals have taken 79 percent of the reported eligible credit per bed (see table below).

| Calendar Year | Number of Hospitals | New Hospitals this Period | Available Acute Care Inpatient Beds ^a | Hospitals at Limit | Credit Taken |
|---------------|---------------------|---------------------------|--|--------------------|------------------------|
| 2006 | 11 | 11 | 936 | 1 | \$ 423,921 |
| 2007 | 41 | 34 | 4,784 | 7 | ^b 2,909,365 |
| 2008 | 37 | 20 | 3,644 | 14 | 2,294,708 |
| 2009 | 17 | 5 | 2,150 | 8 | 767,682 |
| Total | 70 (net) | | 8,109 (net) | 30 | \$ 6,395,676 |

Based on data available May 2009

Data shown is based on the time the application was received and not the reporting period to which it applies.

^a Numbers are approximate. There is currently some discussion regarding the exact definition and official count of available acute care inpatient beds.

^b As a result, some hospitals were required to refund a small amount of credit. Additionally, some corrections were made to record keeping.