

SPECIAL NOTICE

May 18, 2006

For further information contact:
Telephone Information Center
1-800-647-7706 or (360) 705-6676

Alternate Formats (360) 705-6715
Teletype 1-800-451-7985

Hospital Safe Patient Handling B&O Tax Credit

Engrossed House Bill (EHB) 1672 (Chapter 165, Laws of 2006) requires hospitals to develop and implement safe patient handling programs in an effort to reduce health care worker injury rates and promote patient safety. As part of this effort, the law provides a business and occupation (B&O) tax credit to hospitals that purchase mechanical lifting devices and other equipment used primarily to minimize patient handling, consistent with the safe patient handling program. **The law takes effect June 7, 2006.**

The B&O tax credit is only available to “hospitals” as defined in RCW 70.41.020. The following are **specifically excluded** from the definition:

- Psychiatric hospitals or hospitals specifically intended to diagnose and care for persons suffering from mental illness, convulsive disorders, or other abnormal mental conditions
- Clinics or physicians’ offices that do not regularly keep bed patients for 24 hours or more
- Birthing centers
- Nursing homes, assisted living centers, or boarding homes
- State mental hospitals

The B&O tax credit is equal to 100 percent of the amount spent for mechanical lifting devices or other equipment used to minimize manual patient handling. However, the credit is limited to a maximum of \$1,000 per acute care available inpatient bed. The maximum is based on available (set-up) beds and not licensed beds. The number of “acute care available inpatient beds” will be calculated as what hospitals report to the Department of Health in their annual year-end financial reports.

The law applies to hospitals only, so beds in a Medicare distinct long-term care unit must be subtracted even if those beds are included under the hospital’s license. Swing beds and skilled nursing beds that are not in a distinct part long-term care unit should be counted.

Additionally, a lifetime maximum of \$1,000 of B&O credit per available acute care inpatient bed applies. Credits may not be taken again on subsequent returns if the maximum has been reached. For example, if a hospital that has no long-term care reports on its annual year-end financial report to the Department of Health that it has 14 available beds, it has a maximum available B&O tax credit of \$14,000. Once it has used the \$14,000 B&O tax credit, no additional credit is available. However, if

Repealed – July 24, 2015; Chapter 86, Laws of 2015

in the following year the hospital added a new unit of 10 beds and reported to the Department of Health they now have 24 available beds, their maximum available tax credit is now \$24,000.

The B&O tax credit is only available for mechanical lifting devices and equipment purchased by hospitals between June 7, 2006 and December 30, 2010.

No application is necessary to take the credit, but hospitals must maintain records to verify their eligibility for the credit. To claim the credit, hospitals must complete the *Hospital Patient Handling Business and Occupation Credit Form* (copy attached). Hospitals filing paper returns must submit the form with each tax return upon which the credit is taken. For hospitals filing electronically, the form is available through our E-file system and must be submitted electronically.

The credits are available on a first-come, first-served basis. Hospitals may carry unused credits over to subsequent reporting periods until they use the maximum credit they are allowed (up to \$1,000 for each acute care available inpatient bed). No refunds will be granted.

The statewide limit for available credits is \$10 million. If the statewide limit is reached, the Department will notify eligible hospitals in writing that no further credits may be taken.

During Department of Revenue audits, hospitals may be required to produce their records verifying eligibility for the tax credit. Hospitals need to be prepared to provide documentation that the equipment was purchased after June 7, 2006, as part of implementing a safe patient handling program and that the purchases meet the requirements outlined in the law. Documentation could include safe patient handling committee minutes where the equipment purchase was recommended and equipment purchase orders.

For More Information

If you have questions regarding **developing and implementing your safe patient handling program or qualifying mechanical lifting devices or equipment**, please contact Byron Plan with the Department of Health at (360) 236-2916.

If you have questions regarding calculating or taking your **B&O tax credit**, please contact our Telephone Information Center at 1-800-647-7706.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users please call 1-800-451-7985.