

AN ACT CONCERNING AN EXEMPTION FOR CERTAIN SMALL HOSPITALS FROM THE TAX ON NET PATIENT REVENUE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-263b of the 2016 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2016, and applicable to calendar quarters commencing on or*
4 *after July 1, 2016*):

5 (a) [For] Except as provided in subsection (c) of this section, for each
6 calendar quarter commencing on or after July 1, 2011, there is hereby
7 imposed a tax on the net patient revenue of each hospital in this state
8 to be paid each calendar quarter. The rate of such tax shall be up to the
9 maximum rate allowed under federal law. The Commissioner of Social
10 Services shall determine the base year on which such tax shall be
11 assessed. The Commissioner of Social Services may, in consultation
12 with the Secretary of the Office of Policy and Management and in
13 accordance with federal law, exempt a hospital from the tax on
14 payment earned for the provision of outpatient services based on
15 financial hardship. Effective July 1, 2012, and for the succeeding fifteen
16 months, the rates of such tax, the base year on which such tax shall be
17 assessed, and the hospitals exempt from the outpatient portion of the
18 tax based on financial hardship shall be the same tax rates, base year
19 and outpatient exemption for hardship in effect on January 1, 2012.

20 (b) Each hospital shall, on or before the last day of January, April,
21 July and October of each year, render to the Commissioner of Revenue
22 Services a return, on forms prescribed or furnished by the
23 Commissioner of Revenue Services and signed by one of its principal
24 officers, stating specifically the name and location of such hospital, and
25 the amount of its net patient revenue as determined by the
26 Commissioner of Social Services. Payment shall be made with such
27 return. Each hospital shall file such return electronically with the
28 department and make such payment by electronic funds transfer in the
29 manner provided by chapter 228g, irrespective of whether the hospital
30 would otherwise have been required to file such return electronically
31 or to make such payment by electronic funds transfer under the
32 provisions of chapter 228g.

33 (c) To the extent permitted by federal law, for each calendar quarter
34 commencing on or after July 1, 2016, the tax set forth in subsection (a)
35 of this section shall not be imposed on any hospital in this state that is
36 not part of a hospital system, as defined in section 19a-486i, if such
37 hospital (1) has one hundred sixty or fewer beds, (2) is located in a
38 municipality that is not contiguous to any other municipality with a
39 hospital located in such other municipality, and (3) had less than
40 thirty-five million dollars of annual net patient revenue for the
41 provision of inpatient services in the base year determined under
42 subsection (a) of this section.

43 [(c)] (d) Notwithstanding any other provision of law, for each
44 calendar quarter commencing on or after July 1, 2015, and prior to
45 January 1, 2016, the amount of tax credit or credits otherwise allowable
46 against the taxes imposed under sections 12-263a to 12-263e, inclusive,
47 and 12-263i shall not exceed fifty and one one-hundredths per cent of
48 the amount of tax due under sections 12-263a to 12-263e, inclusive, and
49 12-263i with respect to such calendar quarter prior to the application of
50 such credit or credits. For each calendar quarter commencing on or
51 after January 1, 2016, and prior to January 1, 2017, the amount of tax
52 credit or credits otherwise allowable against the taxes imposed under

53 sections 12-263a to 12-263e, inclusive, and 12-263i shall not exceed
 54 fifty-five per cent of the amount of tax due under sections 12-263a to
 55 12-263e, inclusive, and 12-263i with respect to such calendar quarter
 56 prior to the application of such credit or credits. For each calendar
 57 quarter commencing on or after January 1, 2017, and prior to January
 58 1, 2018, the amount of tax credit or credits otherwise allowable against
 59 the taxes imposed under sections 12-263a to 12-263e, inclusive, and 12-
 60 263i shall not exceed sixty per cent of the amount of tax due under
 61 sections 12-263a to 12-263e, inclusive, and 12-263i with respect to such
 62 calendar quarter prior to the application of such credit or credits. For
 63 each calendar quarter commencing on or after January 1, 2018, and
 64 prior to January 1, 2019, the amount of tax credit or credits otherwise
 65 allowable against the taxes imposed under sections 12-263a to 12-263e,
 66 inclusive, and 12-263i shall not exceed sixty-five per cent of the amount
 67 of tax due under sections 12-263a to 12-263e, inclusive, and 12-263i
 68 with respect to such calendar quarter prior to the application of such
 69 credit or credits. For each calendar quarter commencing on or after
 70 January 1, 2019, the amount of tax credit or credits otherwise allowable
 71 against the taxes imposed under sections 12-263a to 12-263e, inclusive,
 72 and 12-263i shall not exceed seventy per cent of the amount of tax due
 73 under sections 12-263a to 12-263e, inclusive, and 12-263i with respect
 74 to such calendar quarter prior to the application of such credit or
 75 credits.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016, and applicable to calendar quarters commencing on or after July 1, 2016</i>	12-263b

Statement of Legislative Commissioners:

In Section 1(c), "net inpatient revenue" was changed to "net patient revenue for the provision of inpatient services", for clarity.

FIN *Joint Favorable Subst.*

