

**Proposed Substitute  
Bill No. 49**

LCO No. 3767

**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2 statutes is repealed and the following is substituted in lieu thereof  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 (1) that  
36 is not part of a hospital system, as defined in section 19a-486i, (2) with  
37 one hundred sixty or fewer beds, (3) that is located in a municipality  
38 that is not contiguous to any other municipality with a hospital located  
39 in such municipality, and (4) that had less than thirty-five million  
40 dollars of annual net inpatient revenue in the base year determined  
41 under subsection (a) of this section.

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

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