

Senate Bill 180

By: Senators Burke of the 11th, Black of the 8th, Brass of the 28th, Anderson of the 24th and Wilkinson of the 50th

AS PASSED

A BILL TO BE ENTITLED

AN ACT

1 To amend Article 1 of Chapter 8 of Title 31 of the Official Code of Georgia Annotated,
 2 relating to hospital care for the indigent generally, so as to provide for a definition; to provide
 3 for an additional reporting requirement for rural hospitals; to amend Article 2 of Chapter 7
 4 of Title 48 of the Official Code of Georgia Annotated, relating to the imposition, rate,
 5 computation, and exemptions from income taxes, so as to provide for procedures, conditions,
 6 and limitations; to provide for definitions; to change certain amounts eligible for the rural
 7 hospital organization income tax credit; to provide for related matters; to provide for
 8 effective dates and applicability; to repeal conflicting laws; and for other purposes.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

10 **SECTION 1.**

11 Article 1 of Chapter 8 of Title 31 of the Official Code of Georgia Annotated, relating to
 12 hospital care for the indigent generally, is amended by repealing Code Section 31-8-9.1,
 13 relating to tax credits for donations to certain rural hospitals, and enacting a new Code
 14 Section 31-8-9.1 to read as follows:

15 "31-8-9.1.

16 (a) As used in this Code section, the term:

17 (1) 'Critical access hospital' means a hospital that meets the requirements of the federal
 18 Centers for Medicare and Medicaid Services to be designated as a critical access hospital
 19 and that is recognized by the department as a critical access hospital for purposes of
 20 Medicaid.

21 (2) 'Rural county' means a county having a population of less than 50,000 according to
 22 the United States decennial census of 2010 or any future such census; provided, however,
 23 that for counties which contain a military base or installation, the military personnel and
 24 their dependents living in such county shall be excluded from the total population of such
 25 county for purposes of this definition.

26 (3) 'Rural hospital organization' means an acute care hospital licensed by the department
 27 pursuant to Article 1 of Chapter 7 of this title that:

- 28 (A) Provides inpatient hospital services at a facility located in a rural county or is a
 29 critical access hospital;
- 30 (B) Participates in both Medicaid and medicare and accepts both Medicaid and
 31 medicare patients;
- 32 (C) Provides health care services to indigent patients;
- 33 (D) Has at least 10 percent of its annual net revenue categorized as indigent care,
 34 charity care, or bad debt;
- 35 (E) Annually files IRS Form 990, Return of Organization Exempt From Income Tax,
 36 with the department, or for any hospital not required to file IRS Form 990, the
 37 department will provide a form that collects the same information to be submitted to the
 38 department on an annual basis;
- 39 (F) Is operated by a county or municipal authority pursuant to Article 4 of Chapter 7
 40 of this title or is designated as a tax-exempt organization under Section 501(c)(3) of the
 41 Internal Revenue Code; and
- 42 (G) Is current with all audits and reports required by law.
- 43 (b)(1) By December 1 of each year, the department shall approve a list of rural hospital
 44 organizations eligible to receive contributions from the tax credit provided pursuant to
 45 Code Section 48-7-29.20 and transmit such list to the Department of Revenue.
- 46 (2) Before any rural hospital organization is included on the list as eligible to receive
 47 contributions from the tax credit provided pursuant to Code Section 48-7-29.20, it shall
 48 submit to the department a five-year plan detailing the financial viability and stability of
 49 the rural hospital organization. The criteria to be included in the five-year plan shall be
 50 established by the department.
- 51 (c)(1) A rural hospital organization that receives donations pursuant to Code
 52 Section 48-7-29.20 shall:
- 53 (A) Utilize such donations for the provision of health care related services for residents
 54 of a rural county or for residents of the area served by a critical access hospital; and
- 55 (B) Report on a form provided by the department:
- 56 (i) All contributions received from individual and corporate donors pursuant to Code
 57 Section 48-7-29.20 detailing the manner in which the contributions received were
 58 expended by the rural hospital organization; and
- 59 (ii) Any payments made to a third party to solicit, administer, or manage the
 60 donations received by the rural hospital organization pursuant to this Code section or
 61 Code Section 48-7-29.20. In no event shall payments made to a third party to solicit,
 62 administer, or manage the donations received pursuant to this Code section exceed
 63 3 percent of the total amount of the donations.

64 (2) The department shall annually prepare a report compiling the information received
 65 pursuant to paragraph (1) of this subsection for the chairpersons of the House Committee
 66 on Ways and Means and the Senate Health and Human Services Committee."

67 **SECTION 2.**

68 Said article is further amended by revising subsections (b), (c), and (e) of Code Section
 69 48-7-29.20, relating to tax credits for contributions to rural hospital organizations, as follows:

70 "(b) An individual taxpayer shall be allowed a credit against the tax imposed by this
 71 chapter for qualified rural hospital organization expenses as follows:

72 (1) In the case of a single individual or a head of household, ~~70~~ 90 percent of the actual
 73 amount expended or ~~\$2,500.00~~ \$5,000.00 per tax year, whichever is less; or

74 (2) In the case of a married couple filing a joint return, ~~70~~ 90 percent of the actual
 75 amount expended or ~~\$5,000.00~~ \$10,000.00 per tax year, whichever is less.

76 (c) A corporation or other entity shall be allowed a credit against the tax imposed by this
 77 chapter for qualified rural hospital organization expenses in an amount not to exceed ~~70~~ 90
 78 percent of the actual amount expended or 75 percent of the corporation's income tax
 79 liability, whichever is less."

80 "(e)(1) In no event shall the aggregate amount of tax credits allowed under this Code
 81 section exceed ~~\$50~~ \$60 million in 2017, \$60 million in 2018, and ~~\$70~~ \$60 million in
 82 2019.

83 (2)(A) No more than \$4 million of the aggregate limit established by paragraph (1) of
 84 this subsection shall be contributed to any individual rural hospital organization in any
 85 taxable year. From January 1 to June 30 each taxable year, the commissioner shall only
 86 preapprove contributions submitted by individual taxpayers in an amount not to exceed
 87 \$2 million, and from corporate donors in an amount not to exceed \$2 million. From
 88 July 1 to December 31 each taxable year, subject to the aggregate limit in paragraph (1)
 89 of this subsection and the individual rural hospital organization limit in this paragraph,
 90 the commissioner shall approve contributions submitted by individual taxpayers and
 91 corporations or other entities.

92 (B) In the event an individual or corporate donor desires to make a contribution to an
 93 individual rural hospital organization that has received the maximum amount of
 94 contributions for that taxable year, the Department of Community Health shall provide
 95 the individual or corporate donor with a list, ranked in order of financial need, as
 96 determined by the Department of Community Health, of rural hospital organizations
 97 still eligible to receive contributions for the taxable year.

98 (3) For purposes of paragraphs (1) and (2) of this subsection, a rural hospital
 99 organization shall notify a potential donor of the requirements of this Code section.

100 Before making a contribution to a rural hospital organization, the taxpayer shall
 101 electronically notify the department, in a manner specified by the department, of the total
 102 amount of contribution that the taxpayer intends to make to the rural hospital
 103 organization. The commissioner shall preapprove or deny the requested amount ~~with~~
 104 within 30 days after receiving the request from the taxpayer and shall provide written
 105 notice to the taxpayer and rural hospital organization of such preapproval or denial which
 106 shall not require any signed release or notarized approval by the taxpayer. In order to
 107 receive a tax credit under this Code section, the taxpayer shall make the contribution to
 108 the rural hospital organization within 60 days after receiving notice from the department
 109 that the requested amount was preapproved. If the taxpayer does not comply with this
 110 paragraph, the commissioner shall not include this preapproved contribution amount
 111 when calculating the limits prescribed in paragraphs (1) and (2) of this subsection.

112 (4)(A) Preapproval of contributions by the commissioner shall be based solely on the
 113 availability of tax credits subject to the aggregate total limit established under
 114 paragraph (1) of this subsection and the individual rural hospital organization limit
 115 established under paragraph (2) of this subsection.

116 (B) Any taxpayer preapproved by the department pursuant to subsection (e) of this
 117 Code section shall retain their approval in the event the credit percentage in
 118 subsection (b) of this Code section is modified for the year in which the taxpayer was
 119 preapproved.

120 (C) Upon the rural hospital organization's confirmation of receipt of donations that
 121 have been preapproved by the department, any taxpayer preapproved by the department
 122 pursuant to subsection (c) of this Code section shall receive the full benefit of the
 123 income tax credit established by this Code section even though the rural hospital
 124 organization to which the taxpayer made a donation does not properly comply with the
 125 reports or filings required by this Code section.

126 (5) Notwithstanding any laws to the contrary, the department shall not take any adverse
 127 action against donors to rural hospital organizations if the commissioner preapproved a
 128 donation for a tax credit prior to the date the rural hospital organization is removed from
 129 the Department of Community Health list pursuant to Code Section 31-8-9.1, and all such
 130 donations shall remain as preapproved tax credits subject only to the donor's compliance
 131 with paragraph (3) of this subsection."

132 SECTION 3.

133 This Act shall become effective upon its approval by the Governor or upon its becoming law
 134 without such approval and shall be applicable to all taxable years beginning on or after
 135 January 1, 2017; provided, however, that paragraph (2) of subsection (a) of Code

136 Section 31-8-9.1, relating to tax credits for donations to certain rural hospitals, shall become
137 effective on January 1, 2018.

138 **SECTION 4.**

139 All laws and parts of laws in conflict with this Act are repealed.