



STATE OF WASHINGTON  
DEPARTMENT OF REVENUE  
OFFICE OF THE DIRECTOR

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June 21, 2012

**TO:** The Honorable Ed Murray, Chair  
Senate Ways and Means Committee

The Honorable Ross Hunter, Chair  
House Ways and Means Committee

**FROM:** Brad Flaherty, Director *BF*

**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 business and occupation 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.

To date, approximately 87 percent of the eligible hospitals have utilized the credit, and the total amount of credit taken is nearly \$9 million. While there is no stated expiration for this credit program or the reporting requirement, RCW 82.04.4485(6) does indicate that credit may not be claimed for any acquisition of mechanical lifting devices occurring after December 30, 2010. Tax reporting data indicates that no credit has been claimed since the first quarter of 2011. This will be the final report on this incentive unless there are changes in the credit program or additional credits claimed by taxpayers.

This report was prepared by Thomas Christensen, Tax Policy Specialist in our Research and Fiscal Analysis Division, under the direction of Kathy Oline, Assistant Director. If you have questions about this program, please contact Kathy at (360) 534-1534.

cc: Tom Hoemann, Secretary, Washington State Senate  
Barbara Baker, Chief Clerk, Washington State House of Representatives  
Jim Justin, Director of Legislative Affairs, Office of the Governor  
Marty Brown, Director, Office of Financial Management  
Members, Senate Ways and Means Committee  
Members, House Finance Committee



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*Research Report #2012-4*

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

**Department of Revenue  
June 2012**

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 business and occupation (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.

Recent data suggest there are a total of 10,647 beds eligible for the patient lifting device credit. This excludes beds dedicated to skilled nursing. There are currently 90 eligible hospitals in Washington; including public hospital districts, private not-for-profit hospitals, and private for-profit 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 by July 1 of each year on the amount of credits claimed by hospitals.

Credits Taken by Hospitals

Hospitals have taken almost \$9 million in B&O tax credits since the effective date of the legislation. Seventy-eight hospitals—nearly 87 percent of eligible hospitals—have utilized the credit. Thirty-four hospitals have met their individual caps of \$1,000 per acute care available inpatient bed.

Of the hospitals having taken the credit, there are approximately 10,071 available acute care beds reported. At \$1,000 credit each, this calculates to be more than \$10 million in credit. However, to date participating hospitals have taken only 89 percent of total available credit and 89 percent of their reported eligible credit per bed (see table below).

Calendar Year	Number of Hospitals	New Hospitals this Period	Available Acute Care Inpatient Beds <sup>a</sup>	Hospitals Reaching Limit	Credit Taken
2006	11	11	936	1	\$ 312,770
2007	41	34	4,784	7	2,909,365
2008	37	20	3,644	14	2,292,981
2009	32	7	2,772	9	1,495,389
2010	28	6	4,015	12	1,898,256
2011	3	0	1,047	1	36,127
<b>Total</b>	<b>78 (net)<sup>b</sup></b>		<b>10,071 (net)<sup>b</sup></b>	<b>34<sup>c</sup></b>	<b>\$ 8,944,888</b>

Based on data available May 2012

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

<sup>a</sup> Numbers are approximate. The number of beds in qualifying hospitals fluctuates.

<sup>b</sup> Net refers to the removal of duplicates from totals.

<sup>c</sup> Some hospitals increased their available bed counts after having reached their maximum credit limit.

Conclusion

While there is no stated expiration for this credit program or the reporting requirement, RCW 82.04.4485(6) does indicate that credit may not be claimed for any acquisition of mechanical lifting devices occurring after December 30, 2010. Tax credits earned may be carried over to future reporting periods until fully utilized. This credit program has a \$10 million limitation, but only \$8.9 million in credit has been taken leaving nearly \$1 million in credit still available.

Tax reporting data indicates that no credit has been claimed since the first quarter of 2011. The information on the amount of total credit taken in this report is the same as what was provided in June of 2011. This will be the final report on this incentive unless there are changes in the credit program or additional credits claimed by taxpayers.