



STATE OF WASHINGTON

DEPARTMENT OF REVENUE

OFFICE OF THE DIRECTOR

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July 1, 2010

TO: The Honorable Margarita Prentice, Chair
Senate Ways and Means Committee

The Honorable Ross Hunter, Chair
House Finance Committee

FROM: Cindi L. Holmstrom, Director

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 B&O 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.

The credit has been in effect for almost four years. To date, approximately 85 percent of the eligible hospitals have utilized the credit, and the total amount of B&O tax credits taken is nearly \$8 million. Eligible devices must be purchased by the end of this year when the program expires. However, tax credits may be carried over to future reporting periods until fully utilized.

The report was prepared by our Research Division under the direction of Kathy Oline, Assistant Director. If you have questions about this program, please contact Kathy at (360) 570-6076.

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 #2010-3

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

**Department of Revenue
July 1, 2010**

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 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.

It has been determined that there are 10,724 beds eligible for the patient handling 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 are private not-for-profit hospitals.

The Department of Revenue is statutorily required to issue an annual report on July 1 of each year on the amount of credits claimed by hospitals.

Credits Taken by Hospitals

Hospitals have taken almost \$8 million in credits in the four years since the effective date of the legislation. So far, 77 hospitals—almost 85 percent of eligible hospitals—have utilized the credit. Thirty hospitals have met their individual caps of \$1,000 per acute care available inpatient bed, identical to last year. Of the hospitals taking the credit thus far, there are approximately 9,080 available acute care beds reported. At \$1,000 credit each, this calculates to nearly \$9.1 million in eligible credit. To date, participating hospitals have taken almost

80 percent of total available credit and 87 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 ^a	Hospitals Reaching Limit	Credit Taken
2006	11	11	936	1	\$ 423,921
2007	41	34	4,784	7	^b 2,909,365
2008	37	20	3,644	14	2,294,708
2009	32	8	2,782	8	1,495,389
2010	16	4	1,943	3	835,766
Total	77 (net)		9,080 (net)	30^c	\$ 7,959,149

Based on data available May 2010

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

^a Numbers are approximate. The number of beds in qualifying hospitals fluctuates.

^b Differs from 2008 report. Some hospitals were required to refund a small amount of credit. Additionally, some corrections were made to recordkeeping.

^c Some hospitals increased their available bed counts after having reached their maximum credit limit.