



STATE OF WASHINGTON  
DEPARTMENT OF REVENUE  
OFFICE OF THE DIRECTOR

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June 8, 2011

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

The Honorable Ross Hunter, Chair  
House Ways and Means Committee

**FROM:** Suzan DelBene, 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 five years. To date, approximately 87 percent of the eligible hospitals have utilized the credit, and the total amount of B&O tax credits taken is nearly \$9 million. Eligible devices must have been purchased by the end of Calendar Year 2010 when the program expired. However, tax credits may be carried over to future reporting periods until fully utilized.

The report was prepared by our Research and Legislative Analysis Division under the direction of Mark Craig, Assistant Director. If you have questions about this program, please contact Mark 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 Ways and Means Committee



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*Research Report #2011-2*

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

**Department of Revenue  
June 2011**

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.

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 on July 1 of each year on the amount of credits claimed by hospitals.

Credits Taken by Hospitals

Hospitals have taken almost \$9 million in credits in the five years since the effective date of the legislation. So far, 78 hospitals—almost 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 taking the credit thus far, 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. To date, participating hospitals have taken 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 <sup>b</sup>
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>c</sup></b>		<b>10,071 (net)<sup>c</sup></b>	<b>34<sup>d</sup></b>	<b>\$ 8,944,888</b>

Based on data available May 2011

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> Some credit amounts differ from previous reports to reflect refunded credit and corrections in record keeping.

<sup>c</sup> Net refers to the removal of duplication in the total count, year to year.

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