

HB1423



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB1423

by Rep. Sara Feigenholtz

SYNOPSIS AS INTRODUCED:

35 ILCS 5/221 new

Amends the Illinois Income Tax Act. Creates a credit for licensed hospitals in an amount equal to the lesser of the cost of charity care provided by the hospital during the tax year or the amount of real property taxes paid during the tax year on hospital property. Effective immediately.

LRB097 09266 HLH 49401 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Income Tax Act is amended by adding
5 Section 221 as follows:

6 (35 ILCS 5/221 new)

7 Sec. 221. Hospital charity care credit. For tax years
8 beginning on or after January 1, 2011 and ending on or before
9 December 31, 2015, a taxpayer that is a hospital licensed under
10 the Hospital Licensing Act is entitled to a credit against the
11 taxes imposed under subsections (a) and (b) of Section 201 of
12 this Act in an amount equal to the lesser of the cost of
13 charity care provided by the hospital during the tax year or
14 the amount of real property taxes paid during the tax year on
15 real property used for hospital purposes during the prior tax
16 year. If the taxpayer is a partnership or Subchapter S
17 corporation, the credit is allowed to the partners or
18 shareholders in accordance with the determination of income and
19 distributive share of income under Sections 702 and 704 and
20 Subchapter S of the Internal Revenue Code. A transfer of this
21 credit may be made by the taxpayer earning the credit to
22 another taxpayer within one year after the credit is earned in
23 accordance with rules adopted by the Department. The Department

1 must prescribe rules to enforce and administer provisions of
2 this Section. If the amount of the credit exceeds the tax
3 liability for the year, at the election of the taxpayer, the
4 excess credit may be refunded or the excess may be carried
5 forward and applied to the tax liability of the 5 taxable years
6 following the excess credit year. The credit shall be applied
7 to the earliest year for which there is a tax liability. If
8 there are credits from more than one tax year that are
9 available to offset a liability, the earlier credit shall be
10 applied first.

11 When used in this Section, where not otherwise distinctly
12 expressed or manifestly incompatible with the intent thereof:

13 "Charity care" means care provided by a health care
14 facility for which the provider does not receive and does not
15 expect to receive payment from the patient or a third-party
16 payer (as defined in Section 10 of the Community Benefits Act).
17 In documenting the costs incurred in providing charity care, a
18 health care facility must document the cost of charity care
19 services provided. A hospital shall document the cost of
20 providing charity care services by multiplying the cost to
21 charge ratio derived from the facility's Medicare cost report
22 (CMS 2552-96 Worksheet C, Part 1,) by the amount of foregone
23 revenue attributable to charity care services provided
24 consistent with Section 20(a)(3) of the Community Benefits Act.

25 Section 99. Effective date. This Act takes effect upon
26 becoming law.