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HOUSE BILL 893

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

INTRODUCED BY

Ben Lujan

AN ACT

**RELATING TO TAXATION; PROVIDING A GROSS RECEIPTS TAX CREDIT
FOR CHARITY CARE PROVIDED BY FOR-PROFIT HOSPITALS.**

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**Section 1. A new section of the Gross Receipts and
Compensating Tax Act is enacted to read:**

**" [NEW MATERIAL] CREDIT--GROSS RECEIPTS TAX--CHARITY CARE
BY FOR-PROFIT HOSPITALS. --**

**A. A for-profit hospital licensed by the
department of health may claim a credit against the gross
receipts tax in an amount equal to the uncompensated charity
care provided by the hospital. To claim the credit, the
taxpayer shall file with the department the amount of
uncompensated charity care provided by the hospital for a
quarterly, semiannual or annual period beginning on or after**

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1 July 1, 2001. Upon filing, the credit may be taken against
2 the taxpayer's gross receipts tax liability in succeeding
3 reporting periods.

4 B. As used in this section:

5 (1) "charity care" means the unpaid amount
6 of a hospital's charges for the provision of medically
7 necessary care to an individual who has a household income
8 less than two hundred percent of the federal poverty level, is
9 without any reasonably identifiable alternative third party or
10 other payment sources and has been deemed, pursuant to the
11 hospital's credit and collection policies and procedures,
12 financially unable to pay for all or part of the services
13 rendered. "Charity care" does not include the difference
14 between full charges and the allowable amount paid by a third
15 party;

16 (2) "cost-to-charge ratio" means the
17 relationship that a hospital's total operating expenses bear
18 to the hospital's reported charges for the same period as
19 determined by the federal health care financing administration
20 medicare cost report filed by the hospital; and

21 (3) "uncompensated charity care" means for
22 any period, the charity care for that period multiplied by the
23 cost-to-charge ratio for that same period. "

24 Section 2. EFFECTIVE DATE. -- The effective date of the
25 provisions of this act is July 1, 2001.