



STATE OF WASHINGTON
DEPARTMENT OF REVENUE
OFFICE OF THE DIRECTOR

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July 1, 2013

TO: Hunter Goodman, Secretary
Washington State Senate

Barbara Baker, Chief Clerk
Washington State House of Representatives

FROM: Carol K. Nelson, Director 

SUBJECT: REPORT ON TAX CREDIT FOR PATIENT-LIFTING DEVICES

RCW 82.04.4485(7) requires that the Department of Revenue issue an annual report on the amount of credit claimed by hospitals for purchases of mechanical lifting devices. This incentive was adopted by the Legislature in 2006 and was 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.

Since the effective date of this incentive, seventy-eight hospitals (nearly 87 percent of eligible hospitals) have utilized the credit. Thirty-four hospitals have met their individual credit caps of \$1,000 per acute care available inpatient bed. 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 and the information contained in this report is identical to the information provided to the Legislature in June of 2012.

The attached report was prepared by Thomas Christensen, Tax Policy Specialist, under the direction of Kathy Oline, Assistant Director of Research & Fiscal Analysis. This report is also available on our website at: [Statistics & Reports](#). If you have questions about this program, please contact Kathy at (360) 534-1534.

Attachment

cc: Members, Senate Ways and Means Committee
Members, House Finance Committee
Members, House Appropriations Committee
David Schumacher, Director, Office of Financial Management



STATE OF WASHINGTON
DEPARTMENT OF REVENUE

Research Report #2013-4

**MECHANICAL LIFTING DEVICES PURCHASED BY HOSPITALS
RCW 82.04.4485**

**Department of Revenue
June 2013**

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 the \$10 million credit maximum for this program. However, to date participating hospitals have taken only 89 percent of their reported eligible credit.

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	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
2012	0	0	0	0	0
Total	78 (net) ^b		10,071 (net) ^b	34	\$8,944,888

Based on data available May 2013

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 Net refers to the removal of duplicates from totals.

^c 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 less than \$9 million in credit has been taken through May of 2013.

There is still more than \$1 million in credit technically available for this program. However, tax reporting data indicates that no credit has been claimed since the first quarter of 2011. This most likely means that hospitals have used all of their eligible credits. The Department recommends that the legislature remove the annual reporting requirement contained in RCW 82.04.4485(7).