

The Senate Committee on Finance offered the following substitute to SB 180:

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 4 of Chapter 7 of Title 31 of the Official Code of Georgia Annotated,
2 relating to county and municipal hospital authorities, so as to change certain criteria relating
3 to grants to such hospital authorities; to amend Article 1 of Chapter 8 of Title 31 of the
4 Official Code of Georgia Annotated, relating to hospital care for the indigent generally, so
5 as to provide for an additional reporting requirement for rural hospital organizations; to
6 amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating
7 to the imposition, rate, computation, and exemptions from income taxes, so as to change
8 certain amounts and entities eligible for the credit; to amend Code Section 50-18-72 of the
9 Official Code of Georgia Annotated, relating to when public disclosure not required, so that
10 the identities of individual and corporate donors to rural hospital organizations are exempt
11 from public disclosure; to provide for related matters; to provide for an effective date; to
12 repeal conflicting laws; and for other purposes.

13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

14 Article 4 of Chapter 7 of Title 31 of the Official Code of Georgia Annotated, relating to
15 county and municipal hospital authorities, is amended by revising Code Section 31-7-94,
16 relating to grants to hospital authorities, as follows:

17 "31-7-94.

18 The state is authorized to make grants, as funds are available, to hospital authorities and
19 rural hospital organizations for public health purposes, provided that any funds so granted
20 shall be distributed to and among the various public hospital authorities and rural hospital
21 organizations in the state in proportion to the number of hospital beds operated by each
22 such hospital authority or rural hospital organization at the end of the calendar year
23 preceding the grant. Funds shall be distributed to public hospitals and rural hospital
24 organizations operated by consolidated governments in the same manner as to authority
25 hospitals prescribed in this Code section and rural hospital organizations. Grants made by
26

27 the state pursuant to this Code section shall be administered by the Department of
 28 Community Health in accordance with Code Section 31-7-94.1 and such rules, regulations,
 29 and procedures as it shall deem necessary for effective administration of such grants."

30 **SECTION 2.**

31 Said article is further amended by revising Code Section 31-7-94.1, relating to the
 32 certification of rural hospitals for grant eligibility, as follows:

33 "31-7-94.1.

34 (a) This Code section shall be known and may be cited as the 'Rural Hospital Organization
 35 Assistance Act of 2017.'

36 (b) The General Assembly finds that hospital authorities and rural hospital organizations
 37 are ~~created under Code Section 31-7-72 in and for each county and municipal corporation~~
 38 ~~of the state~~ essential in order to promote public health goals of the state. The General
 39 Assembly further finds that many hospitals in rural counties, ~~whether or not they are owned~~
 40 ~~or operated by hospital authorities~~, are in desperate financial straits. In order to preserve
 41 the availability of primary health care services provided by such hospitals to residents of
 42 rural counties, the General Assembly has determined that a program of state grants is
 43 necessary and recommends funds be made available to such hospitals. These grants will
 44 be conditioned upon those hospitals continuing to furnish essential health care services to
 45 residents in their areas of operation as well as engaging in the long-range planning and any
 46 restructuring which may be required for those hospitals to survive by devising
 47 cost-effective and efficient health care systems for meeting local health care needs.

48 (c) As used in this Code section, the term:

49 (1) ~~'Department of Community Health' means the Department of Community Health~~
 50 ~~created under Chapter 2 of this title.~~

51 (2)(1) 'Hospital' means an institution which has a permit as a hospital issued under this
 52 chapter.

53 (3)(2) 'Rural county' means a county having a population of less than ~~35,000~~ 45,000
 54 according to the United States decennial census of ~~1990~~ 2010 or any future such census;
 55 provided, however, that for counties which contain a military base or installation, the
 56 military personnel and their dependents living in such county shall be excluded from the
 57 total population of such county for purposes of this definition.

58 (4) ~~'Rural hospital' means a hospital which has been certified by the Department of~~
 59 ~~Community Health as:~~

60 (A) ~~Being located in a rural county;~~

61 (B) ~~Participating in both Medicaid and medicare and accepting both Medicaid and~~
 62 ~~medicare patients;~~

63 ~~(C) Providing health care services to indigent patients; and~~

64 ~~(D) Maintaining a 24 hour emergency room.~~

65 (3) 'Rural hospital organization' means an acute care hospital licensed by the department
 66 pursuant to Article 1 of Chapter 7 of this title that:

67 (A) Provides inpatient hospital services at a facility located in a rural county or is a
 68 critical access hospital;

69 (B) Participates in both Medicaid and medicare and accepts both Medicaid and
 70 medicare patients;

71 (C) Provides health care services to indigent patients;

72 (D) Has at least 10 percent of its annual net revenue categorized as indigent care,
 73 charity care, or bad debt;

74 (E) Annually files IRS Form 990, Return of Organization Exempt From Income Tax,
 75 with the department, or for any hospital not required to file IRS Form 990, the
 76 department will provide a form that collects the same information to be submitted to the
 77 department on an annual basis;

78 (F) Maintains a 24 hour emergency room;

79 (G) Is operated by a county or municipal authority pursuant to Article 4 of Chapter 7
 80 of this title or is designated as a tax-exempt organization under Section 501(c)(3) of the
 81 Internal Revenue Code; and

82 (H) Is current with all audits and reports required by law.

83 (d) A rural hospital organization may apply for a grant available under subsection (e) of
 84 this Code section if it has been certified by the ~~Department of Community Health~~
 85 department as:

86 (1) A rural hospital organization; and

87 (2) ~~Having~~ Has submitted a grant application which includes:

88 (A) A problem statement indicating the problem the rural hospital organization
 89 proposes to solve with the grant funds;

90 (B) The goals of the proposed solution;

91 (C) The organizational structure, financial system, and facilities that are essential to the
 92 proposed solution;

93 (D) The projected longevity of the proposed solution after the grant funds are
 94 expended;

95 (E) Evidence of collaboration with other community health care providers in achieving
 96 the proposed solution;

97 (F) Evidence that funds for the proposed solution are not available from another
 98 source;

99 (G) Evidence that the grant funds would assist in returning the rural hospital
 100 organization to an economically stable condition or that any plan for closure or
 101 realignment of services involves development of innovative alternatives for the
 102 discontinued services;

103 (H) Evidence of a satisfactory record-keeping system to account for grant fund
 104 expenditures within the rural hospital organization and the rural county;

105 (I) A community health survival plan describing how the plan was developed, the goals
 106 of the plan, the links with existing health care providers under the plan, the
 107 implementation process including quantification of indicators of the hospital's financial
 108 well-being, measurable outcome targets, and the current condition of such hospital; and

109 (J) Such additional evidence as the ~~Department of Community Health~~ department may
 110 require to demonstrate the feasibility of the proposed solution for which grant funds are
 111 sought.

112 (e) ~~Notwithstanding the provisions of Code Section 31-7-94, the Department of~~
 113 ~~Community Health~~ The department is authorized to make grants to rural hospitals hospital
 114 organizations certified as meeting the requirements of subsection (d) of this Code section.
 115 Grants to rural hospitals owned or operated by hospital authorities or rural hospital
 116 organizations may be for any of the following purposes:

117 (1) Infrastructure development, including, without being limited to, health information
 118 technology, facility renovation, or equipment acquisition; provided, however, that the
 119 amount granted to any qualified hospital may not exceed the expenditure thresholds that
 120 would constitute a new institutional health service requiring a certificate of need under
 121 Chapter 6 of this title and the grant award may be conditioned upon obtaining local
 122 matching funds;

123 (2) Strategic planning, including, without being limited to, strategies for personnel
 124 retention or recruitment, development of an emergency medical network, or the
 125 development of a collaborative and integrated health care delivery system with other
 126 health care providers, and the grant award may be conditioned upon obtaining local
 127 matching funds for items such as telemedicine, billing systems, and medical records. For
 128 the purposes of this paragraph, the maximum grant to any grantee shall be ~~\$200,000.00~~
 129 \$500,000.00;

130 (3) Nontraditional health care delivery systems, excluding operational funds and
 131 purposes for which grants may be made under paragraph (1) or (2) of this subsection. For
 132 the purposes of this paragraph, the maximum grant to any grantee shall be ~~\$1.5~~
 133 \$2.5 million; or

134 (4) The provision of 24 hour emergency room services open to the general public.

135 ~~Any grants to certified rural hospitals which are not owned or operated by hospital~~
 136 ~~authorities shall be limited to the purpose described in paragraph (4) of this subsection.~~

137 (f) In awarding grants under this Code section, the ~~Department of Community Health~~
 138 ~~department~~ may give priority to any otherwise eligible rural hospital organization which
 139 meets the definition of a 'necessary provider' as specified in the state's 'Rural Healthcare
 140 Plan' of May, 1998.

141 (g) The maximum grant to any hospital authority or rural hospital organization shall be
 142 \$4 million per calendar year.

143 ~~(g)(h)~~ The ~~Department of Community Health~~ department shall be authorized to certify
 144 rural ~~hospitals~~ hospital organizations as provided in subsection (d) of this Code section and
 145 shall adopt regulations to implement its powers and duties under this Code section."

146

SECTION 3.

147 Article 1 of Chapter 8 of Title 31 of the Official Code of Georgia Annotated, relating to
 148 hospital care for the indigent generally, is amended by revising subsection (c) of Code
 149 Section 31-8-9.1, relating to tax credits for donations to certain rural hospitals, as follows:

150 "(c)(1) A rural hospital organization that receives donations pursuant to Code Section
 151 48-7-29.20 shall:

152 (A) Utilize such donations for the provision of health ~~care-related~~ care related services
 153 for residents of a rural county or for residents of the area served by a critical access
 154 hospital; and

155 (B) Report on a form provided by the department:

156 (i) All ~~all~~ contributions received from individual and corporate donors pursuant to
 157 Code Section 48-7-29.20 ~~and show~~ detailing the manner ~~or purpose~~ in which the
 158 contributions received were expended by the rural hospital organization; and

159 (ii) Any payments made to a third party to solicit, administer, or manage the
 160 donations received by the rural hospital organization pursuant to this Code section or
 161 Code Section 48-7-29.20.

162 (2) The department shall annually prepare a report compiling the information received
 163 pursuant to paragraph (1) of this subsection for the chairpersons of the House Committee
 164 on Ways and Means and the Senate Health and Human Services Committee."

165

SECTION 4.

166 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to the
 167 imposition, rate, computation, and exemptions from income taxes, is amended by revising
 168 subsections (b), (c), and (e) of Code Section 48-7-29.20, relating to tax credits for
 169 contributions to rural hospital organizations, as follows:

170 "(b) An individual taxpayer shall be allowed a credit against the tax imposed by this
171 chapter for qualified rural hospital organization expenses as follows:

172 (1) In the case of a single individual or a head of household, ~~70~~ 90 percent of the actual
173 amount expended or ~~\$2,500.00~~ \$5,000.00 per tax year, whichever is less; or

174 (2) In the case of a married couple filing a joint return, ~~70~~ 90 percent of the actual
175 amount expended or ~~\$5,000.00~~ \$10,000.00 per tax year, whichever is less; ~~or~~

176 (3) Anything to the contrary contained in paragraph (1) or (2) of this subsection
177 notwithstanding, in the case of an individual who is a member of a limited liability
178 company duly formed under state law, a shareholder of a Subchapter 'S' corporation, or
179 a partner in a partnership, 90 percent of the actual amount expended or \$10,000.00 per
180 tax year, whichever is less; provided, however, that tax credits pursuant to this paragraph
181 shall only be allowed for the portion of the income on which such tax was actually paid
182 by such member of the limited liability company, shareholder of a Subchapter 'S'
183 corporation, or partner in a partnership.

184 (c) A corporation or other entity shall be allowed a credit against the tax imposed by this
185 chapter for qualified rural hospital organization expenses in an amount not to exceed ~~70~~ 90
186 percent of the actual amount expended or 75 percent of the corporation's income tax
187 liability, whichever is less."

188 "(e)(1) In no event shall the aggregate amount of tax credits allowed under this Code
189 section exceed ~~\$50~~ \$60 million in 2017, \$60 million in 2018, and ~~\$70~~ \$60 million in
190 2019.

191 (2)(A) No more than \$4 million of the aggregate limit established by paragraph (1) of
192 this subsection shall be contributed to any individual rural hospital organization in any
193 taxable year. From January 1 to June 30 each taxable year, the commissioner shall only
194 preapprove contributions submitted by individual taxpayers in an amount not to exceed
195 \$2 million, and from corporate donors in an amount not to exceed \$2 million. From
196 July 1 to December 31 each taxable year, subject to the aggregate limit in paragraph (1)
197 of this subsection and the individual rural hospital organization limit in this paragraph,
198 the commissioner shall approve contributions submitted by individual taxpayers and
199 corporations or other entities.

200 (B) In the event an individual or corporate donor desires to make a contribution to an
201 individual rural hospital organization that has received the maximum amount of
202 contributions for that taxable year, the Department of Community Health shall provide
203 the individual or corporate donor with a list, ranked in order of financial need, as
204 determined by the Department of Community Health, of rural hospital organizations
205 still eligible to receive contributions for the taxable year.

206 (3) For purposes of paragraphs (1) and (2) of this subsection, a rural hospital
 207 organization shall notify a potential donor of the requirements of this Code section.
 208 Before making a contribution to a rural hospital organization, the taxpayer shall
 209 electronically notify the department, in a manner specified by the department, of the total
 210 amount of contribution that the taxpayer intends to make to the rural hospital
 211 organization. The commissioner shall preapprove or deny the requested amount ~~with~~
 212 within 30 days after receiving the request from the taxpayer and shall provide written
 213 notice to the taxpayer and rural hospital organization of such preapproval or denial which
 214 shall not require any signed release or notarized approval by the taxpayer. In order to
 215 receive a tax credit under this Code section, the taxpayer shall make the contribution to
 216 the rural hospital organization within 60 days after receiving notice from the department
 217 that the requested amount was preapproved. If the taxpayer does not comply with this
 218 paragraph, the commissioner shall not include this preapproved contribution amount
 219 when calculating the limits prescribed in paragraphs (1) and (2) of this subsection.

220 (4)(A) Preapproval of contributions by the commissioner shall be based solely on the
 221 availability of tax credits subject to the aggregate total limit established under
 222 paragraph (1) of this subsection and the individual rural hospital organization limit
 223 established under paragraph (2) of this subsection.

224 (B) Any taxpayer preapproved by the department pursuant to subsection (e) of this
 225 Code section shall retain their approval in the event the credit percentage in
 226 subsection (b) of this Code section is modified for the year in which the taxpayer was
 227 preapproved.

228 (C) Any taxpayer preapproved by the department pursuant to subsection (c) of this
 229 Code section shall receive the full benefit of the income tax credit established by this
 230 Code section even though the rural hospital organization to which the taxpayer made
 231 a donation does not properly comply with the reports or filings required by this Code
 232 section.

233 (5) Notwithstanding any laws to the contrary, the department shall not take any adverse
 234 action against donors to rural hospital organizations if the commissioner preapproved a
 235 donation for a tax credit prior to the date the rural hospital organization is removed from
 236 the Department of Community Health list pursuant to Code Section 31-8-9.1, and all such
 237 donations shall remain as preapproved tax credits subject only to the donor's compliance
 238 with paragraph (3) of this subsection."

239 **SECTION 5.**

240 Code Section 50-18-72 of the Official Code of Georgia Annotated, relating to when public
 241 disclosure not required, is amended in subsection (a) by deleting "or" at the end of paragraph

242 (49), by deleting the period and adding "; or" at the end of paragraph (50), and by adding a
243 new paragraph to read as follows:

244 "(51) Records related to Code Section 31-8-9.1 containing the identity of any individual
245 or corporate donor that made or applied to make a contribution to a rural hospital
246 organization pursuant to Code Section 48-7-29.20, unless the identity of such individual
247 or corporate donor is redacted prior to public disclosure."

248 **SECTION 6.**

249 This Act shall become effective upon its approval by the Governor or upon its becoming law
250 without such approval.

251 **SECTION 7.**

252 All laws and parts of laws in conflict with this Act are repealed.