

1 HB721
2 120130-1
3 By Representative Knight
4 RFD: Government Appropriations
5 First Read: 11-MAR-10

1 120130-1:n:03/11/2010:EBO-DHC/dhc

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8 SYNOPSIS: This bill will amend Section 40-26B-21,
9 Code of Alabama 1975, relating to the privilege tax
10 on nursing facilities, to change the privilege tax
11 on an annual rate of \$1,899.96 and to impose a new
12 supplemental tax of \$1,063.08 for the period
13 October 1, 2010 through September 30, 2011, and to
14 reduce the percentage of total nursing facility
15 revenues used when considering a reduction of the
16 tax, in order to conform to federal law.

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18 A BILL

19 TO BE ENTITLED

20 AN ACT

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22 To amend Section 40-26B-21, Code of Alabama 1975,
23 relating to the privilege tax on nursing facilities, to change
24 the privilege tax on an annual rate of \$1,899.96 and to impose
25 a new supplemental tax of \$1,063.08 for the period October 1,
26 2010 through September 30, 2011, and to reduce the percentage

1 of total nursing facility revenues used when considering a
2 reduction of the tax, in order to conform to federal law.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. Section 40-26B-21, Code of Alabama 1975,
5 is amended to read as follows:

6 "§40-26B-21.

7 To provide further for the availability of indigent
8 health care, the operation of the Medicaid program, and the
9 maintenance and expansion of medical services:

10 (a) There is levied and shall be collected a
11 privilege tax on the business activities of every nursing
12 facility in the State of Alabama. The privilege tax imposed is
13 in addition to all other taxes, and shall be at the annual
14 rate of ~~\$999.96~~ \$1,899.96 for each bed in the nursing
15 facility.

16 (b) For the period October 1, 2010 through September
17 30, 2011, t ~~h~~ere is levied and shall be collected a
18 supplemental privilege tax on the business activities of every
19 nursing facility in the State of Alabama. The supplemental
20 privilege tax imposed is in addition to all other taxes,
21 including without limitation, the privilege taxes provided for
22 under this article, and shall be at the annual rate of ~~\$900.00~~
23 \$1,063.08 for each bed in the nursing facility.

24 (c) The total privilege taxes paid by a nursing
25 facility pursuant to this article shall be considered an
26 "allowable costs," as that term is defined in the
27 reimbursement methodology for nursing facilities contained in

Title 560 of the Alabama Administrative Code, and, to the extent permitted under applicable federal law governing the Alabama Medicaid nursing home program, the total taxes paid must be included in the computation of the Medicaid per diem rate determined under the reimbursement methodology for nursing facilities contained in Title 560 of the Alabama Administrative Code. In the event that any portion of the privilege taxes paid by a facility cannot be included in the computation of the Medicaid per diem rate because of the effect of any cost ceiling provision of the reimbursement methodology, the cost ceiling must be adjusted to ensure continued treatment of the total privilege tax as an allowable cost.

(d) The privilege tax rate or the supplemental privilege tax rate shall be reduced by the department upon the advice of the Alabama Medicaid Agency if, but only if, such reduction is required to ensure that the total revenues to the State of Alabama produced by this privilege tax or, if the supplemental privilege tax is in effect, the aggregate of the supplemental privilege tax and the privilege tax, during any state fiscal year are less than or equal to six five and one-half percent (5.5%) of the total revenues received by the nursing facilities in the state subject to the tax during that same fiscal year.

Section 2. This act shall become effective on October 1, 2010, following its passage and approval by the Governor, or its otherwise becoming law.

