

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

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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  
21

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 There 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

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

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

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

