

SENATE BILL 1904

By Hensley

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 4, relative to tax relief.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 4, is amended by adding the following as a new part:

67-4-1301.

As used in this part:

- (1) "Bureau" means the bureau of TennCare;
- (2) "Department" means the department of revenue;
- (3) "Eligible healthcare provider" or "provider" means:
 - (A) A healthcare provider who participates as a provider in the TennCare program or a successor medicaid program provided for in title 71, chapter 5; or
 - (B) A group practice that holds a contract with the bureau or a managed care organization participating in the TennCare program or a successor medicaid program provided for in title 71, chapter 5;
- (4) "Group practice":
 - (A) Means two (2) or more healthcare providers who are associated together in a healthcare practice;
 - (B) Includes a corporation, limited liability company, or partnership organized or owned by two (2) or more healthcare providers who are associated together in a healthcare practice; and

(C) Does not include a hospital, ambulatory surgical treatment center, assisted-care living facility, nursing home, outpatient diagnostic center, or home care organization as such terms are defined in § 68-11-201, or other healthcare institution or facility;

(5) "Healthcare provider" means an individual who is licensed, certified, or authorized or permitted by the laws of this state to administer health care in the ordinary course of business or practice of a profession;

(6) "Reimbursable costs" means the sum of:

(A) The reimbursement paid to an eligible healthcare provider by the bureau or a managed care organization pursuant to the provider's contract with the bureau or a managed care organization for providing covered healthcare services to a TennCare recipient; and

(B) Any applicable amounts required to be paid by a TennCare recipient to an eligible healthcare provider pursuant to a cost-sharing or patient liability agreement between the TennCare recipient and the bureau or a managed care organization, including copayments, deductibles, and other out-of-pocket amounts;

(7) "TennCare recipient" means an individual eligible for and enrolled in the TennCare program or a successor medicaid program provided for in title 71, chapter 5; and

(8) "Unreimbursed TennCare costs" means an amount equal to the difference between the amount that is customarily charged for the healthcare services rendered to a TennCare recipient by an eligible healthcare provider, if those same services were rendered to a non-TennCare recipient, and the amount of reimbursable costs.

67-4-1302.

(a)

(1) An eligible healthcare provider is entitled to a credit against business, excise, and franchise taxes paid pursuant to parts 7, 20, and 21 of this chapter equal to unreimbursed TennCare costs; provided, that the amount of credit that may be utilized by the provider in a taxable year is limited to fifty percent (50%) of the total tax liability of the provider for business, excise, and franchise taxes.

(2) Any unused credit may be carried forward in any tax period until the credit is taken; however, the credit must not be carried forward for more than five (5) years.

(3) The credit allowed under this part is for taxes only and is not allowed for penalty and interest.

(b) In lieu of a credit against business, excise, and franchise taxes pursuant to subsection (a), an eligible healthcare provider may elect to receive a refund equal to unreimbursed TennCare costs; provided, that the taxpayer shall use all of the proceeds from the refund to make a charitable contribution as defined in 26 U.S.C. § 170.

(c) An eligible healthcare provider who claims a credit or a refund authorized by this part shall use forms prescribed by the department. In the application, the provider shall certify to the department the amount of unreimbursed TennCare costs and reimbursable costs during the taxable year, and provide evidence of those costs as required by the department.

(d) The eligible healthcare provider shall notify the department within sixty (60) days of any changes that may adversely affect the provider's eligibility status.

(e) The commissioner may conduct audits or require the filing of additional information necessary to substantiate or adjust the amount of the credit or refund

allowed by this part, and to determine that the provider has complied with all requirements of this part for the credit or refund.

(f) On or before January 1, 2027, the department shall submit a one-time report to the finance, ways and means committees of the house of representatives and the senate, setting forth the clear, relevant, and ascertainable metrics and data requirements that the department will track under this part in order to allow the general assembly to measure the effectiveness of the tax expenditure allowed in this part.

67-4-1303.

(a) Tax credits or refunds authorized by this part that are earned by a partnership, limited liability company, S corporation, or other similar pass-through entity, must be allocated among all partners, members, or shareholders, respectively, either in proportion to their ownership interest in the entity or as the partners, members, or shareholders mutually agree as provided in an executed document.

(b) Within thirty (30) days after the receipt of an application, the department shall allocate tax credits or refunds based on the dollar amount of contributions as certified in the application.

SECTION 2. For purposes of promulgating forms, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect January 1, 2025, the public welfare requiring it, and applies to tax periods beginning on or after that date.