



Tom Bell
President and CEO

TO: House Taxation Committee

FROM: Chad Austin
Senior Vice President, Government Relations

DATE: May 20, 2015

RE: House Bill 2435

The Kansas Hospital Association appreciates the opportunity speak in opposition to House Bill 2435, which would subject non-profit hospitals and public hospital authorities to sales tax for indirect construction costs. The Kansas Hospital Association represents 127 community hospitals across the state, a majority of whom would be impacted by this bill. The proposed legislation places a considerable financial burden on Kansas community hospitals and potentially jeopardizes their ability to make necessary updates and improvements.

House Bill 2435 poses several concerns to the health care industry and the communities they serve. First, the adoption of House Bill 2435 would force many non-profit hospitals to reconsider, and potentially cancel, much needed facility improvements. This action would have a direct impact on the local community and the potential health care services that would be available. Further, the added expense that would be incurred under House Bill 2435 would most likely be cost-shifted to insured individuals and the employers that pay those premiums. House Bill 2435 could also have a damaging impact on the rural and critical access hospitals in the state. Many of these health care facilities receive local financial support to offset the operational losses that are experienced under the Medicare and Medicaid programs. Towards that end, House Bill 2435 could place a larger financial burden on the rural communities across the state.

In the end, passage of House Bill 2435 would hamper the ability of Kansas hospitals to continue to provide vital services to the communities they serve. Furthermore, we would like to share with the committee that similar concerns have been raised by LeadingAge Kansas as well, which represents non-profit aging service providers including nursing homes that are county owned. Therefore, we respectfully request the committee vote no on House Bill 2435.

Thank you for consideration of our comments.