LEGISLATIVE BILL 815

Approved by the Governor June 9, 1993

Introduced by Warner, 25; Dierks, 40; Haberman, 44; Hall, 7; Moore, 24; Schellpeper, 18; Wehrbein, 2; Wesely, 26; Will, 8

AN ACT relating to health care providers; to amend sections 23-3579, 23-3582, 23-3586, 23-3594, and 77-2715.07, Reissue Revised Statutes of Nebraska, 1943, section 77-2734.03, Revised Statutes Supplement, 1992, and section 77-2701, Revised Statutes Supplement, 1992, as amended by section 22, Legislative Bill 1, Ninety-second Legislature, Fourth Special Session, 1992, and section 69, Legislative Bill 138, Ninety-third Legislature, First Session, 1993; to change provisions relating to trustees of hospital authorities and require reorganization as prescribed; to authorize a tax on certain hospitals; to require agreements for intergovernmental transfers; to create a fund; to provide powers and duties; to provide a termination date; to adopt the Health Care Provider Income Tax Act; to authorize tax credits; to state intent; to harmonize provisions; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 23-3579, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

23-3579. Sections 23-3579 to 23-35,120 and sections 4 and 6 to 14 of this act shall be known and may be ~~referred to~~ cited as the Hospital Authorities Act.

Sec. 2. That section 23-3582, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

23-3582. (1) Whenever the formation of a hospital authority is desired, a petition or petitions, stating (a) the general location of the hospital to be maintained by such proposed authority, (b) the territory to be included within it, which territory shall be contiguous, (c) the approximate number of persons believed to reside within the boundaries of the proposed authority, and (d) the names of five or more, but not exceeding ~~fifteen~~ eleven, proposed trustees, who shall be electors residing within the boundaries of the proposed authority, to serve as a board of trustees until their successors are appointed and qualified, should the authority be formed, together with a prayer that the same be declared to be a hospital authority under the ~~provisions of sections 23-3579 to 23-35,120,~~ Hospital Authorities Act may be filed in the office of the county clerk of the county in which the proposed authority is situated.

(2)(a) Each hospital authority established in a county

having a total population of three hundred thousand or more, as shown by the most recent federal census, shall encompass an area in which at least forty thousand persons reside; (b) each hospital authority established in a county having a total population of one hundred fifty thousand to three hundred thousand, as shown by the most recent federal census, shall encompass an area in which at least thirty thousand persons reside; (c) each hospital authority established in a county having a total population of twenty thousand to one hundred fifty thousand, as shown by the most recent federal census, shall encompass an area in which at least twenty thousand persons reside; and (d) no hospital authority shall be established in any county having a total population of less than twenty thousand, as shown by the most recent federal census, unless the ~~same shall encompass~~ hospital authority encompasses the entire county which it is to serve. Such petitions shall be signed by at least one hundred electors who appear to reside within the suggested boundaries of the proposed authority.

Sec. 3. That section 23-3586, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

23-3586. Such petitions, written objections, ~~and~~ findings, and recommendations filed as provided in sections 23-3584 and 23-3585, if any, shall be heard by the county board without any unnecessary delay. In making its determination with respect to whether or not a proposed authority should be declared a public corporation of this state, the county board shall ascertain, to its satisfaction, that all of the requirements set forth in ~~sections 23-3579 to 23-35,120~~ the Hospital Authorities Act have been met or complied with. ~~Should~~ If the county board ~~determine~~ determines that the formation of such authority will be conducive to the public health, convenience, or welfare, it shall declare the authority a public corporation and body politic of this state and shall declare the trustees nominated, or in case of meritorious objection thereto, other suitable trustees who shall be electors residing within the county in which the authority is situated, to be the board of trustees of the authority to serve until their successors are appointed and qualified. The ~~, except that the~~ board of trustees shall not consist of more than ~~fifteen~~ eleven members. In arriving at its determination as to ~~whom~~ who should be appointed to initial membership on the board of trustees of an authority, the county board shall give due consideration to each nominee's general reputation in the community, his or her education and experience in areas such as education, medicine, hospital administration, business management, finance, law, engineering, and other fields which might be of benefit to the authority, his or her background in public service activities, the amount of time and energy that he or she might be expected to be able to devote to the affairs of the authority, and such other factors as the county board may deem relevant. One or more of the trustees initially appointed shall be consumers of health care services as distinguished from providers of health care services. The county board in appointing the initial trustees shall classify such initial trustees so that approximately one-third of their number shall serve for two years, approximately

one-third of their number shall serve for four years, and approximately one-third of their number shall serve for six years, their successors to be thereafter appointed for terms of six years each except as provided in section 4 of this act.

Sec. 4. Within forty-five days after the effective date of this act, for all hospital authorities established in counties having a population in excess of one hundred thousand, the boards of trustees shall be reorganized by order of the county board of the county in which such authorities have been established so that the board of trustees for each authority shall consist of eleven members of two separate classes, a first class consisting of six trustees, each of whom shall be an individual residing within the boundaries of the authority who is not an employee, an officer, or a director of any hospital located within the county in which the authority has been established, and a second class consisting of five trustees, each of whom shall be an individual nominated by one of the hospitals the principal hospital facility of which is located within the boundaries of the authority to serve as its designated trustee representative, with each such hospital having the right to nominate at least one such trustee representative.

The terms of the trustees of the second class shall expire on July 1, 1995, or upon certification under section 12 of this act, whichever is sooner.

In the order effecting such reorganization, existing trustees may be reappointed to the board of trustees for membership in the first class, if they otherwise qualify, without petition of electors, but any newly designated trustee to serve in the first class shall be nominated by a petition or petitions signed by not less than twenty-five electors residing within the boundaries of the authority. Trustees appointed for the second class shall be nominated by the hospital for which they are to serve as trustee representative. So long as each hospital the principal hospital facility of which is located within an authority is represented by a trustee representative nominated by it, such hospital may nominate and the county board may appoint more that one trustee representative for any one such hospital.

In reorganizing the boards of trustees of authorities within their jurisdiction, county boards shall not be required to nominate any individual presently serving, nominated by petition, or nominated by a hospital if for any reason the county board determines such individual unfit to serve and may, as to trustees of the first class, appoint an individual or individuals determined suitable who have not been nominated by petition. As to trustees of the second class, the county board, if it determines that a nominated individual is unfit to serve, may request the hospital making the nomination to submit the name or names of an additional individual or individuals to be appointed.

For purposes of any issuance of bonds or other transaction of a hospital authority relating to financing by a hospital authority, the board of trustees shall consist solely of the trustees of the first class, with a majority of such class constituting a quorum and a majority of a quorum

authorized to take any and all actions with respect to issuance of bonds and all matters related to such issuance. For all other actions of the hospital authority, the board of trustees shall consist of all of the trustees of both classes, with a majority of such trustees constituting a quorum and a majority of a quorum authorized to take any and all other actions.

For purposes of this section, hospital shall mean and refer only to hospitals which (1) are licensed by the Department of Health under sections 71-2017 to 71-2029 and defined in subdivision (2) of section 71-2017.01 and (2) are owned by a corporation organized or qualified under the Nebraska Business Corporation Act or the Nebraska Nonprofit Corporation Act.

Successor trustees for hospital authorities reorganized pursuant to this section shall be appointed to the first class by the county board establishing the authority upon receipt of nominating petitions signed by not less than twenty-five electors residing within the boundaries of the authority filed with the county clerk not later than thirty days before the date of termination of a trustee's term of office. If no petitions are received by such deadline, the county board may appoint individuals, otherwise qualified, as it deems appropriate without petition. Successor trustees shall be appointed to the second class upon receipt of written nominations received from hospitals the principal hospital facility of which is located within the boundaries of the authority subject to the same limitations and powers of the county board as were applicable upon the reorganization required by this section.

All trustees shall continue in office after their stated term until their successors have been appointed by the county board. Trustees may be removed from office by the county board upon any determination of reasonable cause for removal. Vacancies created by death, resignation, or removal shall be filled by order of the county board appointing individuals, otherwise qualified, to fill the office for the remaining term.

Sec. 5. That section 23-3594, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

23-3594. Each hospital authority shall have and exercise the following powers:

(1) To have perpetual succession as a body politic and corporate, except ~~; PROVIDED,~~ that any county board having declared a hospital authority to be a public corporation and body politic of this state shall, upon a showing duly made and with appropriate notice given to the Secretary of State, but not sooner than upon expiration of a period of two years from and after the date upon which the record relating to formation of such hospital authority was filed with the Secretary of State pursuant to section 23-3587, enter an order dissolving any hospital authority which does not then have under construction, own, lease as lessee or as lessor, or operate a hospital;

(2) To have and use a corporate seal and alter it at pleasure;

(3) To sue and be sued in all courts and places and in all actions and proceedings whatever;

(4) To purchase, receive, have, take, hold, lease as lessee, use, and enjoy property of every kind and description within the limits of the authority; and to control, dispose of, sell for a nominal or other consideration, convey, and encumber the same and create a leasehold interest in the same, as lessor, with any nonprofit person, firm, partnership, association, or corporation, other than a county, city, or village in this state, for the benefit of the authority;

(5) To administer any trust declared or created for hospitals of the authority; and to receive by gift, devise, or bequest and hold, in trust or otherwise, property situated in this state or elsewhere; and, if ~~where~~ not otherwise provided, dispose of the same for the benefit of such hospitals;

(6) To employ legal counsel to advise the board of trustees in all matters pertaining to the business of the authority; and to perform such functions ~~in~~ with respect to the legal affairs of the authority as the board may direct;

(7) To employ such technical experts; and such officers, agents, and employees, permanent and temporary, as it may require; and to determine their qualifications, duties, and compensation, such technical experts, officers, agents, and employees to hold their offices or positions at the pleasure of the board;

(8) To delegate to one or more of its agents or employees such powers and duties as it deems proper;

(9) To do any and all things which an individual might do which are necessary for and to the advantage of a hospital;

(10) To purchase, construct, establish, or otherwise acquire and to improve, alter, maintain, and operate one or more hospitals situated within the territorial limits of the authority. The term hospital as used in ~~sections 23-3579 to 23-35,120~~ the Hospital Authorities Act shall mean and include, except as used in section 23-3597 and sections 4 and 6 of this act, any structure or structures suitable for use as a hospital, nursing home, clinic, or other health care facility, laboratory, laundry, nurses' or interns' residences and dormitories, administration buildings, research facilities, and maintenance, storage, or utility facilities and other structures or facilities reasonably related thereto or required or useful for the operation thereof, including parking and other facilities or structures essential or convenient for the orderly operation thereof and shall also include furniture, instruments, equipment, and machinery and other similar items necessary or convenient for the operations thereof, and; any hospital authority which has established or acquired a hospital may also purchase, construct, or otherwise acquire and improve, alter, maintain, and operate all types of ancillary care facilities, including rehabilitation, recreational, and research facilities for children, addicted persons, disabled individuals, and elderly persons, including both residential and outpatient care and ancillary facilities for physicians, technicians, educators, psychologists, social scientists, scientists, nutritionists, administrators, interns, residents, nurses, students preparing to engage in the health service field, and other health care related personnel;

(11) To enter into contracts and other agreements for the purchase, construction, establishment, acquisition, management, operation, and maintenance of any hospital or any part thereof upon such terms and conditions and for such periods of time as its board of trustees may determine;

(12) To do any and all other acts and things necessary to carry out the ~~provisions of sections 23-3579 to 23-35,120~~ Hospital Authorities Act, including the power to borrow money on its bonds, notes, debentures, or other evidences of indebtedness and to secure the same by pledges of its revenue in the manner and to the extent provided in ~~sections 23-3579 to 23-35,120,~~ the act and to fund or refund the same; ~~and~~

(13) To acquire, maintain, and operate ambulances or ambulance services within and without the authority; and

(14) Until July 1, 1995, to raise revenue by levying a tax on hospitals within the jurisdiction in accordance with section 6 of this act and to refund any overpayment of any tax collected pursuant to such section.

Sec. 6. Any hospital authority board reorganized under section 4 of this act may impose a tax on hospitals licensed by the Department of Health under sections 71-2017 to 71-2029 and defined in subdivision (2) of section 71-2017.01 within their jurisdiction excluding (1) any public hospital established under sections 23-3501 to 23-3578, (2) any university hospital, or (3) any city hospital. The tax shall be exempt from any limitation on taxation imposed by law. The tax shall be levied to provide funds for transfer pursuant to section 8 of this act and may be levied at a rate necessary to fund such transfers and an amount necessary for administrative expenses not to exceed one-hundredth of one percent of amounts to be transferred by the hospital authority.

The board may also impose a penalty of five percent of any tax levied pursuant to this section which is not paid within thirty days after the date of notification of assessment of such tax. Any tax assessed and any penalty imposed under this section due and unpaid shall constitute a lien in favor of the authority on the property of the hospital.

Sec. 7. The tax imposed by a hospital authority on hospitals pursuant to section 6 of this act shall be a broad-based and uniform tax as defined by section 1903(w)(3) of the Social Security Act, 42 U.S.C. 1396b(w)(3), and regulations thereunder and shall not have in effect a hold-harmless provision as defined in section 1903(w)(4) of the Social Security Act, 42 U.S.C. 1396b(w)(4), and regulations thereunder. The tax may be levied on the basis of a hospital's operating costs, patient days, beds, or gross or net revenue with adjustments made for bad debts, charity care, and contractual allowances. A tax may not be levied solely on the basis of medicaid utilization, medicaid costs, or medicaid revenue. A hospital authority may exclude utilization, costs, or revenue related to medicaid and medicare from taxation. A hospital authority may adjust the rate of tax as it deems necessary, but any such adjustment shall not affect the requirement for payments contained in section 13 of this act.

Sec. 8. The Department of Revenue and each hospital authority located in a county containing a city of the metropolitan class, each hospital authority located in a county containing a city of the primary class, each county, university, or city hospital located in a city of the metropolitan class, and each county, university, or city hospital located in a city of the primary class shall enter into an agreement pursuant to the Interlocal Cooperation Act to transfer funds in FY1993-94 to the Department of Revenue to be used as intergovernmental transfers under Title XIX of the Social Security Act. The agreements shall be renewed for FY1994-95 and may be revised as necessary. The agreements shall, at a minimum, set forth the amount of the intergovernmental transfers to be made by the hospital authority or the county, university, or city hospital.

In the case of a county, university, or city hospital, the amount of an intergovernmental transfer in any one year shall not exceed four and seven-tenths percent of the hospital's reasonable costs for inpatient hospital services. In the case of a hospital authority, the amount of an intergovernmental transfer in any one year shall not exceed four and seven-tenths percent of the aggregate reasonable costs for inpatient hospital services for those hospitals within the jurisdiction of the authority.

A hospital's reasonable costs for inpatient hospital services shall be as determined by the Department of Social Services based on the medicare cost report submitted by the hospital for 1991. The department shall provide such information on a timely basis to the governing boards of each hospital authority and county, university, or city hospital required to transfer funds under an agreement.

No hospital authority or county, university, or city hospital shall be required to transfer funds to the Department of Revenue unless an intergovernmental agreement provided for in this section has been executed.

Sec. 9. There is hereby created the Medical Assistance Fund. The fund shall be held by the State Treasurer and supervised by the Department of Revenue. The department shall remit all money collected pursuant to section 8 of this act to the State Treasurer for credit to the fund. The fund shall be used exclusively for reimbursement for care under the medical assistance program established by section 68-1018. Any money in the fund available for investment shall be invested by the state investment officer pursuant to sections 72-1237 to 72-1276.

Sec. 10. The Department of Revenue shall impose a penalty of five percent of the amount due for a payment pursuant to an intergovernmental agreement provided for in section 8 of this act that is not timely made if the payment is not more than one month late, with an additional five percent for each additional month or fraction thereof during which such failure continues, not to exceed twenty-five percent of the payment due, on any hospital authority or county, university, or city hospital that has entered into an agreement with the department pursuant to such section. The department shall waive the penalties provided in this section for good cause shown by the hospital authority or the county, university, or city hospital. Any penalties collected under this section shall

be credited to the Medical Assistance Fund.

Sec. 11. In FY1993-94 and FY1994-95, upon request by the Department of Social Services, the State Treasurer shall transfer such sums as are requested from the Medical Assistance Fund to the department for use consistent with the requirements set forth in section 9 of this act if the State of Nebraska has an approved state plan under Title XIX of the Social Security Act that provides for reasonable and adequate payment rates and takes into account the special needs of urban hospitals.

Sec. 12. (1) If federal financial participation is eliminated, disallowed, or significantly reduced as a result of the state's receipt of funds transferred pursuant to intergovernmental agreements, the Director of Social Services shall certify such fact to the Department of Revenue. Upon certification by the director, sections 4 and 6 to 11 of this act shall become ineffective, no further intergovernmental transfers shall be required, and any hospital authority or county, university, or city hospital shall be entitled to a refund of all funds transferred under section 8 of this act. Any intergovernmental transfers that remain in the Medical Assistance Fund as of the date of certification shall be refunded to the hospital authorities and to the county, university, and city hospitals from which such intergovernmental transfers were received. Hospital authorities receiving intergovernmental transfer refunds shall refund to the hospitals within their jurisdiction the amounts of all such refunds, with pro rata allocation being made in accordance with the taxes paid by each hospital in the event that the amounts paid are insufficient to make refunds to such hospitals in full at the time of such refunds.

(2) The hospital authority or county, university, or city hospital seeking a refund of amounts not refunded under subsection (1) of this section shall file a claim with the State Treasurer within one year after certification, and the State Treasurer shall remit within six months of such filing all amounts due. A hospital within the jurisdiction of a hospital authority that has received a refund of intergovernmental transfer payments shall be entitled to a refund of all taxes it has paid to the hospital authority in the amount of its pro rata share of the refund received by the hospital authority. Such pro rata share shall be based on the total amount of taxes paid by the hospital to the hospital authority in relation to the total amount of taxes paid to the hospital authority by all hospitals. A hospital shall file its claim for refund with the clerk of the hospital authority within one year after certification, and the hospital authority shall remit, within six months of such filing, all amounts due. No interest shall be paid if the refund is paid within six months after the claim is filed.

Sec. 13. (1) Unless disapproved pursuant to subsection (7) of section 18 of this act, if the Director of Social Services makes a certification in accordance with section 12 of this act, the director shall project the amount of loss of intergovernmental transfers due to the loss of federal financial participation for calendar years 1993 and 1994 and certify such amount to the Tax Commissioner. The Tax Commissioner shall determine and set the rate of tax for calendar years 1993 and 1994

imposed by section 17 of this act in an amount necessary to offset sixty percent of the amount of loss of intergovernmental transfers as certified by the director, but not more than a maximum rate of seven and seventy-two hundredths percent.

(2) Unless disapproved pursuant to subsection (7) of section 18 of this act, if at least the following amounts of intergovernmental transfers are not made in the aggregate by the date specified, the Director of Social Services shall certify such failure to the Department of Revenue:

(a) Two million three hundred thousand dollars by January 31, 1994;

(b) Nine million two hundred thousand dollars by April 30, 1994;

(c) Eleven million eight hundred thousand dollars by July 31, 1994;

(d) Fourteen million four hundred thousand dollars by October 31, 1994;

(e) Seventeen million dollars by January 31, 1995; and

(f) Nineteen million six hundred thousand dollars by April 30, 1995.

If the director so certifies, the director shall determine the deficient amount of intergovernmental transfers and certify such amount to the Tax Commissioner who shall increase the rate of tax for calendar years 1993 and 1994 imposed by section 17 of this act in an amount necessary to offset sixty percent of the deficient amount of intergovernmental transfers in each year, but not more than a maximum rate of seven and seventy-two hundredths percent.

Sec. 14. Sections 4 and 6 to 14 of this act shall terminate on July 1, 1995.

Sec. 15. Sections 15 to 21 of this act shall be known and may be cited as the Health Care Provider Income Tax Act.

Sec. 16. For purposes of the Health Care Provider Income Tax Act:

(1) Terms shall have the same meaning as in the Nebraska Revenue Act of 1967, as amended, and as in section 71-2017.01;

(2) Department shall mean the Department of Revenue;

(3) Director shall mean the Director of Social Services;

(4) Health care provider shall mean any person, including a governmental unit, providing inpatient health care services in a facility licensed by the Department of Health pursuant to the Nebraska Nursing Home Act or sections 71-2017 to 71-2029 as a hospital, intermediate care facility, skilled nursing facility, or nursing facility; and

(5) Income shall mean the net income reported on either the medicare cost reporting form to the federal Health Care Financing Administration or the medical assistance program long-term care cost report.

For those health care providers reporting on the medicare cost reporting form to the federal Health Care Financing Administration, net income shall be taken from the G-3 Worksheet. It shall be the total of

line 3, Net Patient Revenue, plus line 26, Total Other Income, reduced by the total of line 4, Total Operating Expenses, line 7, Contributions, Donations, Bequests, Etc., and line 31, Total Other Expenses. For a health care provider operated by a political subdivision or agency of this state, the income shall also be reduced by the amount on line 26, Governmental Appropriations.

For all other health care providers, net income shall be calculated from the medical assistance program long-term care cost report, Schedule B. It shall be the total of Part 4, line 1, Total Patient Revenue, plus Part 4, line 2, Total Other Revenue, reduced by the total of Part 4, line 16, Total Costs, and contributions included in Part 2, Schedule B.

Sec. 17. (1) A tax is hereby imposed on all health care providers for calendar years 1993 and 1994.

(2) The tax rate shall be zero percent for all income unless the director certifies, pursuant to subsection (1) of section 13 of this act, that the amount of federal matching funds has been or will be reduced because of intergovernmental transfers provided in section 8 of this act or, pursuant to subsection (2) of section 13 of this act, that the minimum amounts of intergovernmental transfers have not been made. If the director makes such certification pursuant to subsection (1) or (2) of section 13 of this act, the tax rate shall be increased to the rate certified by the Tax Commissioner pursuant to such section. If the tax is disapproved pursuant to subsection (7) of section 18 of this act, no tax shall be imposed.

(3)(a) For calendar year 1993, the tax shall be based on the income for the appropriate cost report filed for the reporting period for the health care provider ending during calendar year 1991.

(b) For calendar year 1994, the tax shall be based on the income for the appropriate cost report filed for the reporting period for the health care provider ending during calendar year 1992.

Sec. 18. (1) Upon certification by the director under subsection (1) or (2) of section 13 of this act, all health care providers shall file a return on November 30 of each calendar year or the last day of the month following such certification, whichever is later. The amount due shall be paid in equal installments, with the first installment due with the filing of the return and the remaining amount due in quarterly installments on a schedule established by the Tax Commissioner.

(2) The returns shall be prescribed and furnished by the department.

(3) The department may require the attachment of schedules or copies of all or parts of filings which are made by the health care provider with other governmental or regulatory agencies.

(4) The department, its employees, or its agents may examine the books and records of any health care provider to determine the accuracy of the returns filed or the amount of tax due.

(5) The department may examine reports or returns or portions of reports or returns filed with the Department of Social Services that contain information regarding the need to pay the tax or the amount

of tax that is due.

(6) Any information provided with the return or determined from a review of records, which information relates directly to the tax, failure to file returns, or failure to pay the tax, may be disclosed to either the Department of Health or the Department of Social Services.

(7) If the tax imposed pursuant to section 17 of this act is disapproved by a final determination, the Health Care Provider Income Tax Act shall become ineffective. Any amounts collected pursuant to the act prior to the date of the final determination shall not be refunded to the health care provider.

Sec. 19. The provisions of the Nebraska Revenue Act of 1967, as amended, for income tax regarding interest, penalties, deficiencies, and refunds except as provided in subsection (7) of section 18 of this act shall apply to the tax imposed pursuant to section 17 of this act.

Sec. 20. The department shall adopt and promulgate rules and regulations to carry out the Health Care Provider Income Tax Act.

Sec. 21. The tax imposed by section 17 of this act shall not be considered an allowable cost for provider reimbursement under sections 68-1018 to 68-1036.

Sec. 22. That section 77-2701, Revised Statutes Supplement, 1992, as amended by section 22, Legislative Bill 1, Ninety-second Legislature, Fourth Special Session, 1992, and section 69, Legislative Bill 138, Ninety-third Legislature, First Session, 1993, be amended to read as follows:

77-2701. Sections 77-2701 to 77-27,135 and sections 24, 25, and 34 of this act and section 70 of this act and section 24 of this act shall be known and may be cited as the Nebraska Revenue Act of 1967.

Sec. 23. That section 77-2715.07, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-2715.07. (1) There shall be allowed to qualified resident individuals as a credit against the tax imposed by sections 77-2714 to 77-27,123:

(a) A credit equal to the federal credit allowed under section 22 of the Internal Revenue Code;

(b) A credit equal to twenty-five percent of the federal credit allowed under section 21 of the Internal Revenue Code; and

(c) A credit for taxes paid to another state as provided in section 77-2730.

(2) There shall be allowed to all individuals as a credit against the tax imposed by the Nebraska Revenue Act of 1967:

(a) A carryover of the credit for renewable energy source systems as provided under section 66-1047; and

(b) A credit for contributions to certified community betterment programs as provided in the Community Development Assistance Act. Each partner or each shareholder of an electing subchapter S corporation shall report his or her share of the credit in the same manner and proportion as he or she reports the partnership or subchapter S corporation income.

(3) There shall be allowed to any health care provider a nonrefundable credit equal to the amount of tax paid under the Health Care Provider Income Tax Act.

Sec. 24. There shall be allowed to any health care provider operated as a partnership, a subchapter S corporation, a limited liability company, or an estate or trust a nonrefundable credit equal to the amount of tax paid under the Health Care Provider Income Tax Act. The credit may be distributed to the partners, shareholders, members, or beneficiaries in the same manner as income is distributed for use against their income tax liabilities.

Sec. 25. That section 77-2734.03, Revised Statutes Supplement, 1992, be amended to read as follows:

77-2734.03. (1) Any (a) insurer paying a tax on premiums and assessments pursuant to section 77-908 or 81-523, (b) electric cooperative organized under the Joint Public Power Authority Act, or (c) credit union shall be credited, in the computation of the tax due under the Nebraska Revenue Act of 1967, with the amount paid during the taxable year as taxes on such premiums and assessments and taxes in lieu of intangible tax.

(2) There shall be allowed to corporate taxpayers a credit for nonhighway use motor vehicle fuels as provided in section 66-4,124.

(3) There shall be allowed to corporate taxpayers a renewable energy source systems credit or a builder's credit as provided in sections 66-1048 and 66-1050.

(4) There shall be allowed to corporate taxpayers a tax credit for contributions to community betterment programs as provided in the Community Development Assistance Act.

(5) There shall be allowed to any health care provider a nonrefundable credit equal to the amount of tax paid under the Health Care Provider Income Tax Act.

Sec. 26. (1) It is the intent of the Legislature that the state and the health care industry cooperate to ensure that all medicaid patients have statewide access to physician services.

(2) It is the intent of the Legislature to work with the Governor's Blue Ribbon Task Force and Interagency Council on Medicaid to progress toward a long-term solution for health care reform.

(3) It is the intent of the Legislature that sections 4 and 6 to 14 of this act provide authority for intergovernmental transfers to qualify for federal financial participation to aid urban areas with a disproportionate number of persons requiring inpatient hospital care and with additional costs for such care.

Sec. 27. Any directive or notification by the federal Health Care Financing Administration regarding the provisions of this act shall be considered a final determination.

Sec. 28. That original sections 23-3579, 23-3582, 23-3586, 23-3594, and 77-2715.07, Reissue Revised Statutes of Nebraska, 1943, section 77-2734.03, Revised Statutes Supplement, 1992, and section 77-2701, Revised Statutes Supplement, 1992, as amended by section 22,

Legislative Bill 1, Ninety-second Legislature, Fourth Special Session, 1992, and section 69, Legislative Bill 138, Ninety-third Legislature, First Session, 1993, are repealed.

Sec. 29. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.