

DEPARTMENT OF TAXATION

2007 Fiscal Impact Statement

1. **Patron** Harry R. Purkey

2. **Bill Number** HB 2022

3. **Committee** Senate Finance

House of Origin:

☐ Introduced

☐ Substitute

☐ Engrossed

4. **Title** Reporting to the Department of Taxation;
Nonprofit Hospitals

Second House:

☒ In Committee

☐ Substitute

☐ Enrolled

5. **Summary/Purpose:**

This bill would require nonprofit hospitals to provide TAX a copy of any federal Form 990 or Form 990-EZ tax form filed with the Internal Revenue Service (IRS). The bill would also require such hospitals to provide TAX with a copy of any interim tax forms, reports, or returns filed with or provided to the IRS. The bill requires that all returns and information reports are to be provided to TAX within 30 days of their filing with the IRS.

The effective date of this bill is not specified.

6. **No Fiscal Impact.**

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

TAX would incur minimal administrative costs to receive and process the returns.

There is no revenue impact associated with this bill. The bill requires that nonprofit hospitals in the Commonwealth provide to TAX a copy of any federal Form 990 or Form 990-EZ form filed with the Internal Revenue Service, but does not institute a tax.

9. **Specific agency or political subdivisions affected:**

Department of Taxation

10. **Technical amendment necessary:** No.

11. **Other comments:**

Federal Form 990 is an annual reporting return that certain federally tax-exempt organizations must file with the IRS. It provides information on the filing organization's mission, programs, and finances. Form 990-EZ is the "short form" for certain tax-exempt organizations. Exempt nonprofits with incomes of less than \$100,000 and total assets of

less than \$250,000 may file Form 990-EZ, although they are allowed to file Form 990, if they prefer.

Every charitable organization in Virginia is required to file an initial registration statement with the Commissioner of the Department of Agriculture and Consumer Services by 2 VAC 5-610-20. If the organization has a prior financial history a copy of that organizations Form 990 must accompany the registration. After initial registration every Virginia non-profit organization is required to file Form 990 with the Department of Agriculture and Consumer Services on an annual basis by 2 VAC 5-610-30. Organizations must also make their Form 990 available for public inspection.

Form 990-T is used by nonprofits to report unrelated business income tax. Unrelated business income comes from any activity that is regularly carried on if that activity is not substantially related to the organization's exempt purpose. Virginia non-profit organizations that file Form 990-T must attach a copy of the form to the Virginia corporate income tax return which is due 30 days after the federal return.

cc : Secretary of Finance

Date: 2/6/2007 JOC
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