

Rural Hospital Tax Credit Program FAQs

- 1. May a hospital use donated funds to pay for administration costs?**
Yes. However, donated funds may not be used for executive compensation.
- 2. May a hospital use donated funds to pay a fundraising consultant to design and assist in the implementation of a capital campaign to raise money?**
Yes. Funds may be used to contract with a consultant; however, consultant fees are limited to 3 percent of donations raised.
- 3. May a hospital use donated funds to pay the salary of its CEO or CFO?**
No. Donated funds may not be used for executive compensation.
- 4. May a hospital use donated funds to finance healthcare-related renovations or improvements to existing facilities?**
Yes. A hospital may use donated funds to finance renovations or improvements to existing facilities that are used to provide healthcare.
- 5. May a hospital use donated funds to finance the construction of a new treatment center that will provide healthcare services?**
Yes. A hospital may use donated funds to finance the construction of a new treatment center that will provide healthcare services.
- 6. May a hospital use donated funds to pay the fees of a healthcare consulting firm to prepare a market feasibility study for a proposed new treatment center (i.e. - a new cancer center or maternity center)?**
Yes. A hospital may use donated funds to pay the fees of a healthcare consulting firm to prepare a market feasibility study for a proposed new treatment center.
- 7. May a hospital use donated funds to pay an accounting firm to prepare financial projections relating to the construction and operations of a proposed new treatment center (i.e. – a new cancer center or maternity center)?**
Yes. A hospital may use donated funds to pay an accounting firm to prepare financial projections relating to the construction and operations of a proposed new treatment center.
- 8. May a hospital use donated funds to pay an architectural firm to design a proposed new treatment center (i.e. – a new cancer center or maternity center)?**
Yes. A hospital may use donated funds to pay an architectural firm to design a proposed new treatment center.
- 9. May a hospital use donated funds to make payments on a construction loan to build a new treatment center (i.e. – a new cancer center or maternity center)?**
Yes. A hospital may use donated funds to make payments on a construction loan to build a new treatment center.
- 10. May a hospital use donated funds to pay down short-term or long-term debt?**
Yes. A hospital may use donated funds to pay down short-term or long-term debt.

- 11. Some eligible entities provide other hospital-based services besides inpatient-acute care under the same Tax Identification Number which are part of that hospital's audited consolidated financial statements. For entities that provide multiple types of services under the same Tax Identification Number, can an eligible entity file 990 Proxy and Five Year Sustainability Plan that includes all hospital based services?**

Yes.

- 12. What is the process if a hospital desires to update or amend its Five-Year Sustainability Plan?**

Hospitals will need to submit a Five Year Plan and 990 Proxy Form annually to continue to qualify for the Rural Hospital Tax Credit Program for the upcoming year. Hospitals would be expected to make any needed updates to their Five Year Plan at that time.

- 13. Will the Department of Revenue (DOR) incorporate the credit into the income tax form, have separate forms for it, or run it through a third party process? How do I know if a credit will meet the criteria if made now to a hospital, and how do I claim it on my tax return as a credit?**

How a taxpayer claims the credit is addressed in DOR's regulation at <http://rules.sos.ga.gov/gac/560-7-.57> (please note that the regulation, paragraph 10, is being updated to include the recent changes made by the Georgia General Assembly, but how the credit is claimed will not change).

The forms that are needed to claim the credit are on DORs income tax credits forms webpage: http://dor.georgia.gov/documents/forms?field_form_type_tid=2871. For individual tax-payers, income tax credits are claimed on Schedule 2 of their income tax return.