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**SUBSTITUTE HOUSE BILL 2998**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** House Finance (originally sponsored by Representatives Robinson, Cody, Jinkins, Tharinger, and Ormsby)

AN ACT Relating to providing a business and occupation tax exemption for accountable communities of health; adding a new section to chapter 82.04 RCW; creating new sections; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) This section is the tax preference performance statement for the tax preference contained in section 2, chapter . . ., Laws of 2018 (section 2 of this act). The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to reduce structural inefficiencies in the tax structure under RCW 82.32.808(2)(d).

(3) The legislature acknowledges the importance of accountable communities of health under RCW 41.05.800 in aligning actions to achieve healthy communities and populations, improving health care quality, and lowering costs. It is the legislature's intent to remedy inconsistencies in the tax structure by allowing accountable communities of health to deduct certain funds as amounts subject to business and occupation tax in order to ensure accountable communities of health receive tax relief similar to other nonprofit or public-private health care organizations.

NEW SECTION. **Sec.**  A new section is added to chapter 82.04 RCW to read as follows:

(1) An accountable community of health may deduct from the measure of tax delivery system reform incentive payments distributed by the Washington state health care authority, as described in Sec. 1115 medicaid demonstration project number 11-W-00304/0, approved by the centers for medicare and medicaid services in accordance with Sec. 1115(a) of the social security act.

(2) A hospital that is owned by a municipal corporation or political subdivision may deduct from the measure of tax delivery system reform incentive payments received through the project described in Sec. 1115 medicaid demonstration project number 11-W-00304/0, approved by the centers for medicare and medicaid services in accordance with Sec. 1115(a) of the social security act.

(3) For the purpose of this section, "accountable community of health" means an entity designated by the health care authority as a community of health under RCW 41.05.800 and any additional accountable communities of health authorized by the health care authority as part of its federal innovation waiver.

NEW SECTION. **Sec.**  The deductions in section 2 of this act apply only with respect to amounts received on or after the effective date of section 2 of this act by an accountable community of health or a hospital that is owned by a municipal corporation or political subdivision.

NEW SECTION. **Sec.**  The provisions of RCW 82.32.805 and 82.32.808 do not apply to this act.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

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