
SUBSTITUTE HOUSE BILL 2998

State of Washington

65th Legislature

2018 Regular Session

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

READ FIRST TIME 02/26/18.

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

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

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

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

16 (3) The legislature acknowledges the importance of accountable
17 communities of health under RCW 41.05.800 in aligning actions to
18 achieve healthy communities and populations, improving health care
19 quality, and lowering costs. It is the legislature's intent to remedy
20 inconsistencies in the tax structure by allowing accountable
21 communities of health to deduct certain funds as amounts subject to

1 business and occupation tax in order to ensure accountable
2 communities of health receive tax relief similar to other nonprofit
3 or public-private health care organizations.

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04
5 RCW to read as follows:

6 (1) An accountable community of health may deduct from the
7 measure of tax delivery system reform incentive payments distributed
8 by the Washington state health care authority, as described in Sec.
9 1115 medicaid demonstration project number 11-W-00304/0, approved by
10 the centers for medicare and medicaid services in accordance with
11 Sec. 1115(a) of the social security act.

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

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

23 NEW SECTION. **Sec. 3.** The deductions in section 2 of this act
24 apply only with respect to amounts received on or after the effective
25 date of section 2 of this act by an accountable community of health
26 or a hospital that is owned by a municipal corporation or political
27 subdivision.

28 NEW SECTION. **Sec. 4.** The provisions of RCW 82.32.805 and
29 82.32.808 do not apply to this act.

30 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
31 preservation of the public peace, health, or safety, or support of
32 the state government and its existing public institutions, and takes
33 effect immediately.

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