

**WAC 388-96-556 Initial cost of operation.** (1) The necessary and ordinary one-time expenses directly incident to the preparation of a newly constructed or purchased building by a contractor for operation as a licensed facility are allowable costs. These expenses are limited to start-up and organizational costs incurred prior to the admission of the first patient.

(2) Start-up costs include, but are not limited to, administrative and nursing salaries, utility costs, taxes, insurance, repairs and maintenance, and training. Start-up costs do not include expenditures for capital assets. Start-up costs are allowable in the indirect care cost center if they are amortized over a period of not less than sixty months beginning with the month in which the first patient is admitted for care.

(3) Organizational costs are those necessary, ordinary, and directly incident to the creation of a corporation or other form of business of the contractor including, but not limited to, legal fees incurred in establishing the corporation or other organization and fees paid to states for incorporation. However, organizational costs do not include costs relating to the issuance and sale of shares of capital stock or other securities. Such organizational costs will be allowable in the indirect care cost center if they are amortized over a period of not less than sixty months beginning with the month in which the first patient is admitted for care.

[Statutory Authority: RCW 74.46.800, 74.46.561(1). WSR 17-22-037, § 388-96-556, filed 10/24/17, effective 11/24/17. Statutory Authority: Chapter 74.46 RCW, 2010 1st sp.s. c 34, and 2010 1st sp.s. c 37 § 958. WSR 11-05-068, § 388-96-556, filed 2/14/11, effective 2/26/11.]