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**SUBSTITUTE HOUSE BILL 2967**

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**State of Washington**

**52nd Legislature**

**1992 Regular Session**

**By** House Committee on Revenue (originally sponsored by Representatives Wang, Locke, Braddock and Paris)

Read first time 02/05/92.

1       AN ACT Relating to medicaid funding of intermediate care  
2 facilities; adding a new chapter to Title 82 RCW; creating a new  
3 section; making an appropriation; providing an expiration date;  
4 providing an effective date; and declaring an emergency.

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

6       NEW SECTION.   **Sec. 1.**       As used in this act, "expiration date"  
7 means the earliest of:

8       (1) The effective date that federal medicaid matching funds for the  
9 purposes specified in section 7 of this act become unavailable or are  
10 substantially reduced, as such date is certified by the secretary of  
11 social and health services;

12       (2) The effective date that federal medicaid matching funds for the  
13 purposes specified in section 7 of this act become unavailable or are

1 substantially reduced, as determined by a permanent injunction, court  
2 order, or final court decision; or

3 (3) The effective date of a permanent injunction, court order, or  
4 final court decision that prohibits in whole or in part the collection  
5 of taxes under section 3 of this act.

6 NEW SECTION. **Sec. 2.** Unless the context clearly requires  
7 otherwise, the definitions in this section apply throughout this  
8 chapter.

9 (1) "Gross income" means all income from whatever source derived,  
10 including but not limited to gross income of the business as defined in  
11 RCW 82.04.080 and moneys received from state appropriations.

12 (2) "Intermediate care facility for the mentally retarded" means an  
13 intermediate care facility certified by the department of social and  
14 health services and the federal department of health and human services  
15 to provide residential care under 42 U.S.C. Sec. 1396d(d).

16 NEW SECTION. **Sec. 3.** In addition to any other tax, a tax is  
17 imposed on every intermediate care facility for the mentally retarded  
18 for the act or privilege of engaging in business within this state.  
19 The tax is equal to the gross income attributable to services for the  
20 mentally retarded, multiplied by the rate of fifteen percent.

21 NEW SECTION. **Sec. 4.** Chapter 82.32 RCW applies to the tax  
22 imposed in this chapter. The tax due dates, reporting periods, and  
23 return requirements applicable to chapter 82.04 RCW apply equally to  
24 the tax imposed in this chapter, except the department may not permit  
25 returns for taxes under this chapter to cover periods longer than one  
26 month. The appropriations in section 7 of this act shall not be  
27 construed as modifying in any manner the obligation of the taxpayer to

1 pay taxes on an accrual basis as ordinarily required under chapter  
2 82.04 RCW.

3 NEW SECTION. **Sec. 5.** Sections 2 through 4 of this act shall  
4 constitute a new chapter in Title 82 RCW.

5 NEW SECTION. **Sec. 6.** (1) Sections 2 through 4 of this act  
6 shall expire on the expiration date determined under section 1 of this  
7 act.

8 (2) The expiration of sections 2 through 4 of this act shall not be  
9 construed as affecting any existing right acquired or liability or  
10 obligation incurred under those sections or under any rule or order  
11 adopted under those sections, nor as affecting any proceeding  
12 instituted under those sections.

13 (3) Taxes that have been paid under sections 2 through 4 of this  
14 act, but are properly attributable to taxable events occurring after  
15 the expiration of those sections, shall be credited or refunded as  
16 provided in RCW 82.32.060.

17 NEW SECTION. **Sec. 7.** (1) The sum of seventeen million eighty-  
18 eight thousand dollars from the general fund--state and the sum of  
19 twenty million eight hundred eighty-six thousand dollars from the  
20 general fund--federal are appropriated for the biennium ending June 30,  
21 1993, to the developmental disabilities program of the department of  
22 social and health services for prospective rate increases for  
23 intermediate care facilities for the mentally retarded to cover the  
24 medicaid share of the tax under section 3 of this act.

25 (2) The appropriations in this section shall lapse on the  
26 expiration date determined under section 1 of this act. Amounts that  
27 have been paid under this subsection, but are properly attributable to

1 a period after that expiration date, shall be repaid or credited to the  
2 state as provided in rules of the department of revenue.

3 NEW SECTION. **Sec. 8.** This act is necessary for the immediate  
4 preservation of the public peace, health, or safety, or support of the  
5 state government and its existing public institutions, and shall take  
6 effect April 1, 1992.