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**SUBSTITUTE SENATE BILL 6608**

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**State of Washington**

**53rd Legislature**

**1994 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Rinehart and Gaspard)

Read first time 03/03/94.

1       AN ACT Relating to the business and occupation taxation of moneys  
2 received by health or social welfare organizations from governmental  
3 entities for health or social welfare services; and creating a new  
4 section.

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

6       NEW SECTION.   **Sec. 1.** The 1993 health care reform act, chapter  
7 492, Laws of 1993, established a business and occupation tax on  
8 nonprofit and public hospitals to finance, in part, health care  
9 coverage for the citizens of the state. However, by inadvertent error,  
10 the health care reform act failed to address an existing deduction from  
11 the business and occupation tax for governmental payments to nonprofit  
12 organizations for health and social welfare services, such as federal  
13 medicaid and medicare payments. Failure to correct this error will  
14 result in revenues significantly less than those assumed by the  
15 legislature in adopting the health care reform act and making  
16 appropriations from the health services account. It is therefore the  
17 intent of this act to clarify that revenues received by nonprofit and  
18 public hospitals from governmental entities for health and social

1 services are subject to the business and occupation tax as intended by  
2 chapter 492, Laws of 1993.

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