
HOUSE BILL 1088

State of Washington 59th Legislature 2005 Regular Session

By Representatives McIntire and Sommers; by request of Governor Locke

Read first time 01/13/2005. Referred to Committee on Finance.

1 AN ACT Relating to a tax on physician services to increase funding
2 for the health services account; adding a new chapter to Title 82 RCW;
3 providing an effective date; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** The definitions in this section apply
6 throughout this chapter, unless the context clearly requires otherwise.

7 (1) "Doctor of medicine" has the same meaning as "physician."
8 "Physician" means a person licensed under chapter 18.71 RCW.

9 (2) "Doctor of osteopathy" has the same meaning as "osteopathic
10 physician." "Osteopathic physician" means a person licensed under
11 chapter 18.57 RCW.

12 (3) "Gross income" means all revenue, without deduction, that is
13 derived from the performance of physician services and includes gross
14 proceeds of sales, compensation for the rendition of services, gains
15 realized from trading in stocks, bonds, or other evidences of
16 indebtedness, interest, discount, rents, royalties, fees, commissions,
17 dividends, and other emoluments however designated, all without any
18 deduction on account of the cost of tangible property sold, the cost of

1 materials used, labor costs, interest, discount, delivery costs, taxes,
2 or any other expense whatsoever paid or accrued and without any
3 deduction on account of losses.

4 (4) "Physician services" means activities substantially related to
5 the provision of services by doctors of medicine, doctors of
6 osteopathy, or persons under the direction or control of doctors of
7 medicine or osteopathy. "Physician services" includes services
8 provided through clinics, hospitals, offices, or similar places where
9 doctors of medicine and doctors of osteopathy provide those services.

10 NEW SECTION. **Sec. 2.** (1) In addition to any other tax, a tax is
11 imposed on persons engaging within this state in the business activity
12 of providing physician services.

13 (2) The tax is equal to the gross income multiplied by the rate of
14 one percent.

15 (3) A person entitled under RCW 82.04.460(1) to apportion gross
16 income taxable under chapter 82.04 RCW, where such income is also
17 taxable under this chapter, must apportion that gross income subject to
18 tax under this chapter as provided in RCW 82.04.460(1) and in the same
19 manner as for the tax imposed under chapter 82.04 RCW.

20 (4) In computing the tax imposed under this chapter, there may be
21 deducted from the measure of tax the amount of bad debts, as that term
22 is used in 26 U.S.C. Sec. 166, as amended or renumbered as of January
23 1, 2003, on which tax was previously paid under this chapter.

24 (5) Moneys collected under this chapter shall be deposited into the
25 health services account in accordance with RCW 43.72.900.

26 NEW SECTION. **Sec. 3.** This chapter does not apply to services
27 provided by a:

- 28 (1) Hospital as defined in RCW 70.41.020;
- 29 (2) Health maintenance organization as defined in RCW 48.46.020; or
- 30 (3) Person in respect to his or her employment in the capacity of
31 an employee or servant as distinguished from that of an independent
32 contractor.

33 NEW SECTION. **Sec. 4.** (1) Chapter 82.32 RCW applies to the
34 administration of the tax imposed by this chapter, in addition to any

1 other provisions of law for the payment and enforcement of the tax
2 imposed by this chapter.

3 (2) The tax due dates, reporting periods, and return requirements
4 applicable to the tax imposed in chapter 82.04 RCW apply to the tax
5 imposed in this chapter.

6 (3) Unless the context clearly requires otherwise or the term is
7 defined in section 1 of this act, the definitions in chapter 82.04 RCW
8 apply to this chapter.

9 NEW SECTION. **Sec. 5.** If any provision of this act or its
10 application to any person or circumstance is held invalid, the
11 remainder of the act or the application of the provision to other
12 persons or circumstances is not affected.

13 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
14 preservation of the public peace, health, or safety, or support of the
15 state government and its existing public institutions, and takes effect
16 July 1, 2005.

17 NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act constitute
18 a new chapter in Title 82 RCW.

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