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**SENATE BILL 6615**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** Senator O'Ban

AN ACT Relating to the taxation of accountable communities of health; adding a new section to chapter 82.04 RCW; creating a new section; and providing an expiration date.

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

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

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

(2) The legislature acknowledges the importance of accountable communities of health under RCW 41.05.800 in aligning actions to achieve healthy communities and populations, improving health care quality, and lowering costs. It is the legislature's intent to remedy inconsistencies in the tax structure by allowing accountable communities of health to deduct certain funds as amounts subject to business and occupation tax in order to ensure accountable communities of health receive tax relief similar to other nonprofit or public-private health care organizations.

(3) To measure the effectiveness of the tax preference in this act in achieving the public policy objectives described in subsection (2) of this section, the joint legislative audit and review committee must evaluate the tax preference in section 2, chapter . . ., Laws of 2018 (section 2 of this act) with consideration of the budget neutrality and cost-effectiveness objectives as defined in the approved federal innovation waiver.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the health care authority and accountable communities of health must provide data needed for the joint legislative audit and review committee analysis. In addition to the data source described under this subsection, the joint legislative audit and review committee may use any other data it deems necessary.

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

(1) An accountable community of health may deduct from the measure of tax amounts received as delivery system reform incentive payments under the federal medicaid program as authorized by Title XIX of the federal social security act.

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

(3) This section expires January 1, 2024.

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