

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2998

Chapter 102, Laws of 2018

65th Legislature
2018 Regular Session

ACCOUNTABLE COMMUNITIES OF HEALTH--DEMONSTRATION PROJECT FUNDS--
BUSINESS AND OCCUPATION TAX

EFFECTIVE DATE: March 15, 2018

Passed by the House March 8, 2018
Yeas 93 Nays 5

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate March 7, 2018
Yeas 48 Nays 0

CYRUS HABIB

President of the Senate

Approved March 15, 2018 2:16 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2998** as passed by House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

March 16, 2018

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2998

AS AMENDED BY THE SENATE

Passed Legislature - 2018 Regular Session

State of Washington 65th Legislature 2018 Regular Session

By House Finance (originally sponsored by Representatives Robinson, Cody, Jinkins, Tharinger, and Ormsby)

READ FIRST TIME 02/26/18.

1 AN ACT Relating to providing a business and occupation tax
2 exemption for accountable communities of health; adding a new section
3 to chapter 82.04 RCW; creating new sections; and declaring an
4 emergency.

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

6 NEW SECTION. **Sec. 1.** (1) This section is the tax preference
7 performance statement for the tax preference contained in section 2,
8 chapter . . . , Laws of 2018 (section 2 of this act). The performance
9 statement is only intended to be used for subsequent evaluation of
10 the tax preference. It is not intended to create a private right of
11 action by any party or be used to determine eligibility for
12 preferential tax treatment.

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

16 (3) The legislature acknowledges the importance of accountable
17 communities of health under RCW 41.05.800 in aligning actions to
18 achieve healthy communities and populations, improving health care
19 quality, and lowering costs. It is the legislature's intent to remedy
20 inconsistencies in the tax structure by allowing accountable
21 communities of health to deduct certain funds as amounts subject to

1 business and occupation tax in order to ensure accountable
2 communities of health receive tax relief similar to other nonprofit
3 or public-private health care organizations.

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04
5 RCW to read as follows:

6 (1) An accountable community of health may deduct from the
7 measure of tax delivery system reform incentive payments distributed
8 by the Washington state health care authority, as described in Sec.
9 1115 medicaid demonstration project number 11-W-00304/0, approved by
10 the centers for medicare and medicaid services in accordance with
11 Sec. 1115(a) of the social security act.

12 (2) A hospital that is owned by a municipal corporation or
13 political subdivision, or a hospital that is affiliated with a state
14 institution, may deduct from the measure of tax delivery system
15 reform incentive payments received through the project described in
16 Sec. 1115 medicaid demonstration project number 11-W-00304/0,
17 approved by the centers for medicare and medicaid services in
18 accordance with Sec. 1115(a) of the social security act.

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

24 NEW SECTION. **Sec. 3.** The deductions in section 2 of this act
25 apply only with respect to amounts received on or after the effective
26 date of section 2 of this act by an accountable community of health
27 or a hospital that is owned by a municipal corporation or political
28 subdivision.

29 NEW SECTION. **Sec. 4.** The provisions of RCW 82.32.805 and
30 82.32.808 do not apply to this act.

31 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
32 preservation of the public peace, health, or safety, or support of
33 the state government and its existing public institutions, and takes
34 effect immediately.

Passed by the House March 8, 2018.
Passed by the Senate March 7, 2018.

Approved by the Governor March 15, 2018.
Filed in Office of Secretary of State March 16, 2018.

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