

Proposed Substitute House Bill 2168

By Representative Tarleton

H-3111.2

Summary of Proposed Substitute

- An eligible hospital is not subject to business and occupation tax.
- An "eligible hospital" is defined as one that is owned by a county with a population greater than 2 million and managed by a state university.
- The act is effective July 1, 2019 and contains an emergency clause.

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: H-3111.2/19 2nd draft
ATTY/TYPIST: JA:jcm
BRIEF DESCRIPTION: Concerning tax preferences.

1 AN ACT Relating to tax preferences; adding a new section to
2 chapter 82.04 RCW; creating a new section; providing an effective
3 date; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** This section is the tax preference
6 performance statement for the tax preference contained in section 2,
7 chapter . . ., Laws of 2019 (section 2 of this act). This performance
8 statement is only intended to be used for subsequent evaluation of
9 the tax preference. It is not intended to create a private right of
10 action by any party or be used to determine eligibility for
11 preferential tax treatment.

12 (1) The legislature categorizes this tax preference as one
13 intended to provide tax relief to certain eligible businesses, as
14 indicated in RCW 82.32.808(2)(e).

15 (2) The joint legislative audit and review committee is directed
16 to evaluate the role eligible hospitals play as safety net providers,
17 using metrics including but not limited to:

18 (a) The monetary value of the following services provided by each
19 eligible hospital:

20 (i) Uncompensated care, by category of health care services; and

1 (ii) Medicaid and medicare funded treatment, by category of
2 health care services;

3 (b) Percentage and count of all clients served by each eligible
4 hospital, by category of health care services, who:

5 (i) Receive uncompensated care; and

6 (ii) Use medicare or medicaid to pay for treatment; and

7 (c) Percentage and count of all clients served in all hospitals
8 in Washington who:

9 (i) Receive uncompensated care from an eligible hospital, by
10 category of health care services;

11 (ii) Use medicare and medicaid to pay for treatment from an
12 eligible hospital, by category of health care services; and

13 (iii) Receive uncompensated trauma care from an eligible
14 hospital.

15 (3) For the purposes of this section, "eligible hospital" means a
16 taxpayer claiming the tax preference provided in section 2,
17 chapter . . . , Laws of 2019 (section 2 of this act).

18 (4) In order to obtain the data necessary to perform the review
19 in this section, the joint legislative audit and review committee may
20 refer to data from the health care authority and the department of
21 health, as well as any other available data sources.

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

24 (1) This chapter does not apply to any person engaging within
25 this state in business as a hospital, as defined in chapter 70.41
26 RCW, that is owned by a county with a population greater than two
27 million and that is managed by a state university.

28 (2) This section expires January 1, 2030.

29 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
30 preservation of the public peace, health, or safety, or support of
31 the state government and its existing public institutions, and takes
32 effect July 1, 2019.

--- END ---