

SENATE BILL REPORT

SB 6381

AS REPORTED BY COMMITTEE ON HEALTH & HUMAN SERVICES,
FEBRUARY 2, 1994

Brief Description: Making the business and occupation tax on for-profit hospitals equal to the tax on nonprofit hospitals.

SPONSORS: Senators Owen, Fraser, Amondson, Franklin, Roach, M. Rasmussen, Moyer and Winsley

SENATE COMMITTEE ON HEALTH & HUMAN SERVICES

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Talmadge, Chairman; Wojahn, Vice Chairman; Deccio, Erwin, Franklin, Fraser, Hargrove, McAuliffe, Moyer, Niemi, Prentice, L. Smith and Winsley.

Staff: Don Sloma (786-7319)

Hearing Dates: February 2, 1994

BACKGROUND:

The Washington Health Services Act of 1993 enacted a state business and occupation tax on nonprofit hospitals of .75 percent until July 1, 1995 and 1.5 percent thereafter. Investor-owned hospitals have paid a 1.5 percent business and occupations tax for some years.

Other legislation passed during the 1993 legislative session increased the tax on all otherwise untaxed entities, including investor-owned hospitals, to 2 percent plus a 6.5 percent surcharge on the tax until June 30, 1997.

The result is that investor-owned hospitals will pay a larger business and occupation tax than nonprofit hospitals.

SUMMARY:

The specific business and occupation tax rate which now applies only to nonprofit hospitals is expanded to include all hospitals.

Investor-owned hospitals are removed from the provisions of RCW 82.04.290 governing otherwise untaxed entities, and their tax rate is equalized with that of nonprofit hospitals.

Appropriation: none

Revenue: none

Fiscal Note: requested January 20, 1994

Effective Date: July 1, 1994

TESTIMONY FOR:

This bill is needed to assure fair competition between public and private hospitals in health care reform.

TESTIMONY AGAINST: None

TESTIFIED: PRO: Jim Davenport, Capital Medical Center; Kelly James, Capital Medical Center; Dwight Harshbarger, Fifth Avenue Hospital; Mike Gherardini, Auburn General Hospital; Craig Wagner, Auburn General Hospital; Dave Broderick, Hospital Association