

FINAL BILL REPORT

SSB 6077

C 325 L 98
Synopsis as Enacted

Brief Description: Exempting from business and occupation tax nonprofit hospice agencies.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators McCaslin and Snyder).

Senate Committee on Ways & Means
House Committee on Finance

Background: Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. Public and nonprofit hospitals are subject to the B&O tax at the rate of 1.5 percent. Proprietary hospitals are subject to the B&O tax at a rate of 1.75 percent through June 30, 1998, and 1.5 percent thereafter.

Nonprofit health and social welfare agencies are allowed a deduction from the B&O tax for payments from governmental entities for health services. This has been construed to apply to Medicaid and Medicare payments.

An exemption from the B&O tax exists for compensation received for services rendered to patients, and from sales of prescription drugs, furnished to patients by nonprofit kidney dialysis facilities and nursing homes and homes for unwed mothers operated as religious or charitable organizations.

Summary: The B&O tax exemption for compensation for patient care is extended to nonprofit hospice agencies licensed by the Department of Health.

Votes on Final Passage:

Senate	49 0
House	94 0

Effective: June 11, 1998