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HOUSE BILL 2010

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State of Washington                      57th Legislature                      2001 Regular Session

By Representatives Cairnes, Van Luven, Conway, Santos, Buck and Kessler

Read first time 02/12/2001. Referred to Committee on Finance.

1            AN ACT Relating to the business and occupation tax deduction for  
2 health or social welfare services; amending RCW 82.04.4297; creating  
3 new sections; and declaring an emergency.

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

5            NEW SECTION.    **Sec. 1.**    The legislature finds that the deduction  
6 under the business and occupation tax statutes for compensation from  
7 public entities for health or social welfare services was intended to  
8 provide government with greater purchasing power when government  
9 provides financial support for the provision of health or social  
10 welfare services to benefited classes of persons, except when this  
11 financial support is extended pursuant to employee benefit plans. The  
12 legislature also finds that the failure to define "employee benefits  
13 plan" has raised the question whether statutory benefits provided for  
14 the uniformed services of the United States are within the scope of  
15 amounts paid under employee benefit plans. The legislature also finds  
16 that members of the uniformed services are not generally considered to  
17 be employees, and that the deduction's limitation with respect to  
18 employee benefit plans should be clarified to this effect.

1       **Sec. 2.** RCW 82.04.4297 and 1988 c 67 s 1 are each amended to read  
2 as follows:

3       In computing tax there may be deducted from the measure of tax  
4 amounts received from the United States or any instrumentality thereof  
5 or from the state of Washington or any municipal corporation or  
6 political subdivision thereof as compensation for, or to support,  
7 health or social welfare services rendered by a health or social  
8 welfare organization or by a municipal corporation or political  
9 subdivision, except deductions are not allowed under this section for  
10 amounts that are received under an employee benefit plan. For the  
11 purposes of this section, "employee benefit plan" does not include the  
12 military benefits program authorized in 10 U.S.C. Sec. 1071 et seq., as  
13 amended, or amounts payable pursuant thereto.

14       NEW SECTION. **Sec. 3.** This act applies to all taxes collected  
15 after the effective date of this act, including taxes collected on  
16 reporting periods prior to the effective date of this act.

17       NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
18 preservation of the public peace, health, or safety, or support of the  
19 state government and its existing public institutions, and takes effect  
20 immediately.

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