
Finance Committee

HB 1786

Brief Description: Providing a business and occupation tax deduction for the sale of certain drugs used to treat cancer.

Sponsors: Representatives Hunter, Orcutt, Quall, Cody, Santos, Dickerson, Hinkle, Grant, Kessler, Chase, Appleton, Kenney, Linville, O'Brien, Campbell, Ericks, Simpson, Hankins and Skinner.

Brief Summary of Bill

- Provides a business and occupation tax deduction for sales of chemotherapy and anticancer drugs for infusion or injection.

Hearing Date: 2/6/07

Staff: Jeff Mitchell (786-7139).

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. The tax is imposed on the gross receipts from all business activities conducted within the state. Revenues are deposited in the State General Fund. A business may have more than one B&O tax rate, depending on the types of activities conducted. The tax rate for most types of businesses that provide services is 1.5 percent.

Public hospitals, nonprofit hospitals, and nonprofit community health centers are allowed a deduction from B&O tax on amounts received as compensation for health care services covered under the federal Medicare program, as well as from the Basic Health Plan and other medical assistance programs funded by the state of Washington. Amounts billed for these programs by other clinics or physicians are not exempt from tax.

Medicare, Part B, provides reimbursement for a limited set of injectable and infusible drugs that are not usually self-administered and that are furnished and administered as part of a physician service. This includes vaccines and anticancer and chemotherapy drugs.

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Summary of Bill:

A deduction from B&O tax is provided for amounts received by physicians and clinics from sales of prescription chemotherapy and anticancer drugs for infusion or injection. To qualify for the deduction, the drugs must not be sold for an amount that exceeds the rate at which the federal government reimburses under Medicare, Part B, and any charges must be separately stated on the billing statement.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.