S-4469.1

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**SUBSTITUTE SENATE BILL 6477**

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**State of Washington 64th Legislature 2016 Regular Session**

**By** Senate Human Services, Mental Health & Housing (originally sponsored by Senators Dammeier, Conway, O'Ban, Darneille, and Angel)

AN ACT Relating to a business and occupation tax deduction for chemical dependency services provided by a health or social welfare organization; amending RCW 82.04.4277; creating a new section; providing an effective date; providing an expiration date; and declaring an emergency.

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

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

(2) The legislature categorizes this tax preference as one intended to reduce structural inefficiencies in the tax structure as indicated in RCW 82.32.808(2)(d).

(3) It is the legislature's specific public policy objective to increase the funds available for community treatment of mental health and chemical dependency disorders under a government-funded program. It is the legislature's intent to provide tax relief to behavioral health organizations and health or social welfare organizations in order to increase the funds available for community treatment.

(4) It is not intended for this tax preference to extend beyond January 1, 2020, because on that date the community behavioral health program must be fully integrated in a managed care health system under RCW 71.24.850(2).

**Sec.**  RCW 82.04.4277 and 2014 c 225 s 104 are each amended to read as follows:

(1) A health or social welfare organization may deduct from the measure of tax amounts received as compensation for providing mental health services or chemical dependency services under a government-funded program.

(2) A behavioral health organization may deduct from the measure of tax amounts received from the state of Washington for distribution to a health or social welfare organization that is eligible to deduct the distribution under subsection (1) of this section.

(3) A person claiming a deduction under this section must file a complete annual report with the department under RCW 82.32.534.

(4) The definitions in this subsection apply ((~~to this section~~)) throughout this section unless the context clearly requires otherwise.

(a) "Chemical dependency" has the same meaning as provided in RCW 70.96A.020.

(b) "Health or social welfare organization" has the meaning provided in RCW 82.04.431.

((~~(b)~~)) (c) "Mental health services" and "behavioral health organization" have the meanings provided in RCW 71.24.025.

(5) This section expires ((~~August 1, 2016~~)) January 1, 2020.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect April 1, 2016.

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