
HOUSE BILL 1296

State of Washington

67th Legislature

2021 Regular Session

By Representatives Young, Thai, Robertson, and Rule

Read first time 01/19/21. Referred to Committee on Finance.

1 AN ACT Relating to providing a business and occupation tax
2 preference for behavioral health administrative services
3 organizations; adding a new section to chapter 82.04 RCW; creating
4 new sections; providing an expiration date; and declaring an
5 emergency.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that COVID-19 has
8 had significant impacts on behavioral health. The legislature
9 previously had a feature of its tax system that exempted government-
10 funded behavioral health services from paying business and occupation
11 tax in order for more tax dollars to be utilized in providing health
12 services. The legislature intends to reenact that preference in light
13 of increased behavioral health needs for the foreseeable future, and
14 in recognition that treatment reduces costs to the government in
15 other services.

16 NEW SECTION. **Sec. 2.** (1) This section is the tax preference
17 performance statement for the tax preference contained in section 3,
18 chapter . . ., Laws of 2021 (section 3 of this act). This performance
19 statement is only intended to be used for subsequent evaluation of
20 the tax preference. It is not intended to create a private right of

1 action by any party or to be used to determine eligibility for
2 preferential tax treatment.

3 (2) The legislature categorizes this tax preference as one
4 intended to accomplish a general purpose, reducing taxes so more
5 money can go directly to behavioral health services, as indicated in
6 RCW 82.32.808(2)(f).

7 (3) It is the legislature's specific public policy objective to
8 support behavioral health services that can prevent more serious and
9 costly health issues.

10 (4) If a review finds that the amount of funding available for
11 behavioral health services by these taxpayers increased, then the
12 legislature intends to extend the expiration date of the tax
13 preference.

14 (5) In order to obtain the data necessary to perform the review
15 in subsection (4) of this section, the joint legislative audit and
16 review committee may refer to any data collected by the state.

17 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.04
18 RCW to read as follows:

19 (1) A health or social welfare organization may deduct from the
20 measure of tax amounts received as compensation for providing mental
21 health services or substance use disorder treatment services under a
22 government-funded program.

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

28 (3) A person claiming a deduction under this section must file a
29 complete annual tax performance report with the department under RCW
30 82.32.534.

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

33 (a) "Behavioral health administrative services organization" has
34 the same meaning as provided in RCW 71.24.025.

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

37 (c) "Mental health services" means mental health services as
38 described in chapter 71.24 RCW.

1 (d) "Substance use disorder treatment services" means substance
2 use disorder treatment services as described in chapter 71.24 RCW.

3 (5) This section expires January 1, 2032.

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

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