

Effect: Specifies that only amounts received from grants from the state or federal government are exempt from the B&O tax for the Washington health benefit exchange.

1 AN ACT Relating to a business and occupation tax exemption for the
2 Washington health benefit exchange established under chapter 43.71 RCW;
3 amending RCW 43.71.010; adding a new section to chapter 82.04 RCW; and
4 creating a new section.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
7 to read as follows:

8 The taxes imposed by this chapter do not apply to amounts received
9 by the Washington health benefit exchange, established under chapter
10 43.71 RCW, in the form of grants from the state of Washington or the
11 federal government.

12 **Sec. 2.** RCW 43.71.010 and 2012 c 87 s 2 are each amended to read
13 as follows:

14 The definitions in this section apply throughout this chapter
15 unless the context clearly requires otherwise. Terms and phrases used
16 in this chapter that are not defined in this section must be defined as
17 consistent with implementation of a state health benefit exchange
18 pursuant to the affordable care act.

1 (1) "Affordable care act" means the federal patient protection and
2 affordable care act, P.L. 111-148, as amended by the federal health
3 care and education reconciliation act of 2010, P.L. 111-152, or federal
4 regulations or guidance issued under the affordable care act.

5 (2) "Authority" means the Washington state health care authority,
6 established under chapter 41.05 RCW.

7 (3) "Board" means the governing board established in RCW 43.71.020.

8 (4) "Commissioner" means the insurance commissioner, established in
9 Title 48 RCW.

10 (5) "Exchange" means the Washington health benefit exchange
11 established in RCW 43.71.020.

12 (6)(a) "Self-sustaining" means capable of operating without direct
13 state tax subsidy. Self-sustaining sources include, but are not
14 limited to, federal grants, federal premium tax subsidies and credits,
15 charges to health carriers, and premiums paid by enrollees.

16 (b) For purposes of this subsection, "direct state tax subsidy"
17 does not include a tax preference as defined in RCW 43.136.021.

18 NEW SECTION. **Sec. 3.** This act applies both prospectively and
19 retroactively.

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