

INTERMEDIATE CARE FACILITIES (ICF) TAX
Chapter 82.65A RCW

Tax Base Gross receipts of intermediate care facilities for mentally retarded persons received for services provided to mentally retarded persons. These facilities are certified by the Department of Social and Health Services (DSHS), as well as the federal Department of Health and Human Services. They receive Medicaid funds from the federal government.

Tax Rate 6 percent

Levied by State

Administration Department of Revenue. The tax is reported on the Combined Excise Tax Return.

Recent Collections (\$000)

<u>Fiscal Year</u>	<u>Collections</u>	<u>% Change</u>	<u>% of All State Taxes</u>
2009	\$9,931	0.6%	0.1%
2008	9,873	13.5	0.1
2007	8,698	3.9	0.1
2006	8,372	3.0	0.1
2005	8,129	(1.7)	0.1
2004	8,269	4.0	0.1
2003	7,952	(4.9)	0.1
2002	8,361	6.3	0.1
2001	7,867	(6.3)	0.1
2000	8,396	(1.8)	0.1

Distribution of Receipts

Although the statute does not specify the disposition, the receipts go to the state general fund and are used to fund the state's share of the cost of the facilities. Since federal funds are also available on a matching basis, the increased state funds result in increased funds derived from the federal government.

Exemptions, Deductions and Credits None

History

This tax was adopted in 1992 and was first effective on April 1, 1992. It succeeded a similar tax that was approved the previous year. The 1991 statute levied a 20 percent tax on the Medicaid receipts of private and nonprofit hospitals. However, the federal government objected to the manner in which the tax was applied, so it was restructured the following year into a tax on facilities for the mentally retarded.

Discussion/Major Issues

The IMR tax is intended to increase state funding of services for the mentally retarded by taxing the total receipts of such facilities. The federal government matches the amount of state support for such programs and therefore the tax is a means for increasing the amount of federal funds received by the state.

Currently, there are 12 facilities that report IMR tax.

The statute contains a unique clause which will cause the tax to expire: (1) whenever federal matching funds become unavailable, or (2) the matching funds, as certified by DSHS, are substantially reduced pursuant to court order, or (3) if collection of the tax is prohibited by a court ruling.