
HOUSE BILL 1638

State of Washington

64th Legislature

2015 Regular Session

By Representatives Schmick, Manweller, and Tharinger

Read first time 01/26/15. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to increasing access to health care by creating
2 tax credits for hiring scribes; adding a new section to chapter 82.04
3 RCW; creating a new section; providing an effective date; and
4 declaring an emergency.

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

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

12 (1) The legislature categorizes this tax preference as one
13 intended to induce certain designated behavior by taxpayers and
14 create or retain jobs, as indicated in RCW 82.32.808(2) (a) and (c).

15 (2) It is the legislature's specific public policy objective to
16 provide employers a credit against the business and occupation tax
17 for hiring individuals to work as scribes in medical practices that
18 would reduce an employer's tax burden, thereby inducing medical
19 practices to hire and create jobs for scribes. This will have the
20 effect of increasing access to health care for patients across
21 Washington state by making existing medical practices more efficient.

1 By hiring scribes to input electronic health record information,
2 studies have shown that a medical practice is able to see more
3 patients and increase patient satisfaction. Pursuant to chapter
4 43.136 RCW, the joint legislative audit and review committee must
5 review the business and occupation tax credit established under
6 section 2 of this act.

7 (3) If a review finds that employment of scribes has increased by
8 five percent since the enactment of this tax preference, then the
9 legislature intends for the legislative auditor to recommend
10 extending the expiration date of the tax preference.

11 (4) In order to obtain the data necessary to perform the review
12 in subsection (3) of this section, the joint legislative audit and
13 review committee should refer to employment and wage data available
14 from the health workforce council, the employment security
15 department, and other sources as needed.

16 (5) For the purposes of this section, "scribe" has the same
17 meaning as provided in section 2 of this act.

18 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04
19 RCW to read as follows:

20 (1)(a) In computing the tax imposed under this chapter, a person
21 is allowed a credit against the tax due. The credit is equal to two
22 hundred fifty dollars per calendar quarter for each full-time
23 employment position filled by a scribe, and one hundred twenty-five
24 dollars per calendar quarter for each part-time employment position
25 filled by a scribe. The credit is earned for each entire calendar
26 quarter for which the position is continuously maintained.

27 (b) Credits are available on a first in-time basis. The
28 department must maintain a running total of all credits claimed under
29 this section during each calendar year. The department may not allow
30 any credit, or portion thereof, which would cause the total amount of
31 credit claimed by all persons under this section to exceed five
32 hundred thousand dollars in any calendar year. The department must
33 provide written notice to any person who has claimed tax credits in
34 excess of the five hundred thousand dollar limitation in this
35 subsection. The notice must indicate the amount of tax due and
36 provide that the tax be paid within thirty days from the date of such
37 notice. The notice must also advise the person that the unused credit
38 can be claimed in the next calendar year, subject to the five hundred
39 thousand dollar limit. The department may not assess penalties and

1 interest as provided in chapter 82.32 RCW on the amount due in the
2 initial notice, if the amount due is paid by the due date specified
3 in the notice, or any extension thereof.

4 (c)(i) A person may claim the credit under this section only
5 against taxes originally due and reported to the department on or
6 after the date that the employment position is filled by a scribe. If
7 a person claims a credit for an employment position that is not
8 continuously maintained for a full calendar quarter as required by
9 this section, the person must repay the credit. However, if credit is
10 claimed for filling a full-time employment position that was later
11 converted to a part-time employment position before the credit was
12 earned for a calendar quarter and that converted employment position
13 was continuously filled by a scribe for the full calendar quarter,
14 fifty percent of the credit claimed must be repaid.

15 (ii) Taxes imposed under (c)(i) of this subsection are due by the
16 due date of the person's next tax return for reporting the taxes due
17 under this chapter.

18 (iii) Except as otherwise provided in this subsection
19 (1)(c)(iii), penalties and interest apply to taxes due under this
20 subsection (1)(c) as provided in chapter 82.32 RCW. However, no
21 penalties may be assessed on taxes due under this subsection (1)(c)
22 if the person was initially eligible to claim the credit and such
23 taxes are paid by the date due as provided in (c)(ii) of this
24 subsection.

25 (d) The amount of credit claimed for a reporting period may not
26 exceed the tax otherwise due under this chapter for that reporting
27 period. Persons unable to claim their credit, or any portion thereof,
28 in the calendar year for which the credit was earned may carry the
29 unused credit over to subsequent calendar years until used. However,
30 the carryover into subsequent calendar years is only permitted to the
31 extent that the five hundred thousand dollar limit for any calendar
32 year is not exceeded. No refunds may be granted for credits under
33 this section.

34 (e) The department of health must work with the department of
35 revenue to develop a process to verify that a scribe has been hired
36 into a position that qualifies for the credit provided in this
37 section.

38 (f) To claim a credit under this section, a person must comply
39 with the electronic filing and payment requirements in RCW 82.32.080.

1 (g) Credit is authorized only for an employee working as a scribe
2 hired for an employment position where the hiring takes place on or
3 after July 1, 2015. Employment positions filled by existing employees
4 are eligible for the credit under this section only if the position
5 vacated by the existing employee is filled by a new hire, and both
6 the existing employee and the new hire are working as scribes.

7 (h) A person may not claim the credit under this section if the
8 person has claimed a credit against the tax due under this chapter,
9 under any other provision of law, with respect to the same employment
10 position.

11 (2) The definitions in this subsection apply throughout this
12 section unless the context clearly requires otherwise.

13 (a) "Calendar quarter" means a period of three consecutive
14 calendar months ending on March 31st, June 30th, September 30th, or
15 December 31st.

16 (b) "Full-time" means at least thirty-five hours a week, four
17 hundred fifty-five hours a quarter, or one thousand eight hundred
18 twenty hours a year.

19 (c) "Part-time" means less than full-time.

20 (d) "Scribe" means an unlicensed individual hired to enter
21 information into an electronic medical record or chart at the
22 direction of a physician. A scribe does not and may not act
23 independently, but can support work flow by documenting the
24 previously determined dictation and activities of a physician or a
25 practitioner.

26 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
27 preservation of the public peace, health, or safety, or support of
28 the state government and its existing public institutions, and takes
29 effect July 1, 2015.

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