
SUBSTITUTE HOUSE BILL 1995

State of Washington

54th Legislature

1995 Regular Session

By House Committee on Health Care (originally sponsored by Representatives Mielke, Morris and Dyer)

Read first time 03/01/95.

1 AN ACT Relating to provision of a tax exemption and offset for
2 premiums and prepayments for policies under the health insurance
3 coverage access act; amending RCW 48.14.022 and 48.14.0201; and
4 declaring an emergency.

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

6 **Sec. 1.** RCW 48.14.022 and 1987 c 431 s 23 are each amended to read
7 as follows:

8 (1) The taxes imposed in RCW 48.14.020 and 48.14.0201 do not apply
9 to premiums and prepayments collected or received for policies of
10 insurance issued under RCW 48.41.010 through 48.41.210.

11 (2) In computing tax due under RCW 48.14.020 and 48.14.0201, there
12 may be deducted from taxable premiums and prepayments the amount of any
13 assessment against the taxpayer under RCW 48.41.010 through 48.41.210.
14 Any portion of the deduction allowed in this section which cannot be
15 deducted in a tax year without reducing taxable premiums below zero may
16 be carried forward and deducted in successive years until the deduction
17 is exhausted.

1 **Sec. 2.** RCW 48.14.0201 and 1993 sp.s. c 25 s 601 are each amended
2 to read as follows:

3 (1) As used in this section, "taxpayer" means a health maintenance
4 organization, as defined in RCW 48.46.020, a health care service
5 contractor, as defined in RCW 48.44.010, or a certified health plan
6 certified under RCW 48.43.030.

7 (2) Each taxpayer shall pay a tax on or before the first day of
8 March of each year to the state treasurer through the insurance
9 commissioner's office. The tax shall be equal to the total amount of
10 all premiums and prepayments for health care services received by the
11 taxpayer during the preceding calendar year multiplied by the rate of
12 two percent.

13 (3) Taxpayers shall prepay their tax obligations under this
14 section. The minimum amount of the prepayments shall be percentages of
15 the taxpayer's tax obligation for the preceding calendar year
16 recomputed using the rate in effect for the current year. For the
17 prepayment of taxes due during the first calendar year, the minimum
18 amount of the prepayments shall be percentages of the taxpayer's tax
19 obligation that would have been due had the tax been in effect during
20 the previous calendar year. The tax prepayments shall be paid to the
21 state treasurer through the commissioner's office by the due dates and
22 in the following amounts:

23 (a) On or before June 15, forty-five percent;

24 (b) On or before September 15, twenty-five percent;

25 (c) On or before December 15, twenty-five percent.

26 (4) For good cause demonstrated in writing, the commissioner may
27 approve an amount smaller than the preceding calendar year's tax
28 obligation as recomputed for calculating the health maintenance
29 organization's, health care service contractor's, or certified health
30 plan's prepayment obligations for the current tax year.

31 (5) Moneys collected under this section shall be deposited in the
32 general fund through (~~March 31, 1996~~) July 1, 1995, and in the health
33 services account under RCW 43.72.900 after (~~March 31, 1996~~) July 1,
34 1995.

35 (6) The taxes imposed in this section do not apply to:

36 (a) Amounts received by any taxpayer from the United States or any
37 instrumentality thereof as prepayments for health care services
38 provided under Title XVIII (medicare) of the federal social security
39 act. (~~This exemption shall expire July 1, 1997.~~)

1 (b) Amounts received by any health care service contractor, as
2 defined in RCW 48.44.010, as prepayments for health care services
3 included within the definition of practice of dentistry under RCW
4 18.32.020. This exemption does not apply to amounts received under a
5 certified health plan certified under RCW 48.43.030.

6 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
7 preservation of the public peace, health, or safety, or support of the
8 state government and its existing public institutions, and shall take
9 effect immediately.

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