
HOUSE BILL 2020

State of Washington

54th Legislature

1995 Regular Session

By Representative Dyer

Read first time 02/22/95. Referred to Committee on Health Care.

1 AN ACT Relating to taxes on insurance premiums and prepayments;
2 amending RCW 48.14.0201 and 48.14.022; providing an effective date; and
3 declaring an emergency.

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

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

7 (1) As used in this section, "taxpayer" means a health maintenance
8 organization, as defined in RCW 48.46.020, a health care service
9 contractor, as defined in RCW 48.44.010, or a certified health plan
10 certified under RCW 48.43.030.

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

17 (3) Taxpayers shall prepay their tax obligations under this
18 section. The minimum amount of the prepayments shall be percentages of
19 the taxpayer's tax obligation for the preceding calendar year

1 recomputed using the rate in effect for the current year. For the
2 prepayment of taxes due during the first calendar year, the minimum
3 amount of the prepayments shall be percentages of the taxpayer's tax
4 obligation that would have been due had the tax been in effect during
5 the previous calendar year. The tax prepayments shall be paid to the
6 state treasurer through the commissioner's office by the due dates and
7 in the following amounts:

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

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

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

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

16 (5) Moneys collected under this section shall be deposited in the
17 general fund through (~~March 31, 1996~~) July 1, 1995, and in the health
18 services account under RCW 43.72.900 after (~~March 31, 1996~~) July 1,
19 1995.

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

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

25 (b) Amounts received by any health care service contractor, as
26 defined in RCW 48.44.010, as prepayments for health care services
27 included within the definition of practice of dentistry under RCW
28 18.32.020. This exemption does not apply to amounts received under a
29 certified health plan certified under RCW 48.43.030.

30 **Sec. 2.** RCW 48.14.022 and 1987 c 431 s 23 are each amended to read
31 as follows:

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

35 (2) In computing tax due under RCW 48.14.020 and 48.14.0201, there
36 may be deducted from taxable premiums and prepayments the amount of any
37 assessment against the taxpayer under RCW 48.41.010 through 48.41.210.
38 Any portion of the deduction allowed in this section which cannot be

1 deducted in a tax year without reducing taxable premiums below zero may
2 be carried forward and deducted in successive years until the deduction
3 is exhausted.

4 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
5 preservation of the public peace, health, or safety, or support of the
6 state government and its existing public institutions, and shall take
7 effect July 1, 1995.

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