
SUBSTITUTE HOUSE BILL 3096

State of Washington

55th Legislature

1998 Regular Session

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Zellinsky and L. Thomas)

Read first time 02/02/98. Referred to Committee on .

1 AN ACT Relating to declaring the state's preemption of the field of
2 excise or privilege taxes on health maintenance organizations and
3 health care service contractors; and amending RCW 48.14.0201.

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

5 **Sec. 1.** RCW 48.14.0201 and 1997 c 154 s 1 are each amended to read
6 as follows:

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

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

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

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

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

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

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

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

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

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

19 (a) Amounts received by any taxpayer from the United States or any
20 instrumentality thereof as prepayments for health care services
21 provided under Title XVIII (medicare) of the federal social security
22 act.

23 (b) Amounts received by any health care service contractor, as
24 defined in RCW 48.44.010, as prepayments for health care services
25 included within the definition of practice of dentistry under RCW
26 18.32.020.

27 (7) Beginning January 1, 2000, the state does hereby preempt the
28 field of imposing excise or privilege taxes upon taxpayers and no
29 county, city, town, or other municipal subdivision shall have the right
30 to impose any such taxes upon such taxpayers. This subsection shall be
31 limited to premiums and payments for health benefit plans offered by
32 health care service contractors under chapter 48.44 RCW and health
33 maintenance organizations under chapter 48.46 RCW.

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