
HOUSE BILL 2722

State of Washington

54th Legislature

1996 Regular Session

By Representatives Scheuerman, Dyer, L. Thomas, Wolfe, Conway, Kessler, Campbell, Quall, Sheldon, Keiser, Dellwo, Morris, Blanton, Regala, Patterson, Poulsen, Thompson, Cody, Basich, Murray, Linville, Mason, Ogden and Costa

Read first time 01/17/96. Referred to Committee on Health Care.

1 AN ACT Relating to providing a business and occupation tax credit
2 to small business firms that provide health benefits and share in
3 premium costs for employees working half-time or more; adding a new
4 section to chapter 82.04 RCW; creating a new section; and providing an
5 expiration date.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that:

8 (1) Small business firms play an essential and increasingly
9 important role in the state's economy.

10 (2) Many of the state's small business firm owners provide health
11 insurance to their employees through small group policies at a cost
12 that directly affects their profitability.

13 (3) Other small business owners are prevented from providing health
14 benefits to their employees by the lack of access to affordable health
15 insurance coverage.

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

18 (1) For the purposes of this section:

1 (a) "Small business firm" means any business entity, including a
2 sole proprietorship, corporation, partnership, or other legal entity,
3 that is owned and operated independently from all other businesses, has
4 the purpose of making a profit, and has fifty or fewer employees.

5 (b) "Employee" means an individual resident of Washington who is
6 employed for at least twenty hours per week by the employer seeking the
7 tax credit and who has been continuously employed for at least sixteen
8 weeks.

9 (c) "Employer" means an individual or corporate business, who pays
10 no less than fifty percent of the premium cost of a qualified health
11 benefit plan, as defined under (d) of this subsection, is subject to
12 the business and occupation tax as determined under this chapter, and
13 has fifty or fewer employees.

14 (d) "Qualified health benefit plan" means a health benefit plan
15 providing benefits equal to, or greater than, the benefits available
16 under the Washington basic health plan pursuant to chapter 70.47 RCW.

17 (e) "Business" means either a single taxpayer or consortium of
18 taxpayers subject to taxation under this chapter.

19 (2) Small business firms that annually employ less than fifty
20 employees may credit against the tax imposed by this chapter the value
21 of employer premium costs for employer-provided or state-approved
22 employer-sponsored qualified health benefit plan coverage for
23 employees.

24 (3) The value of the qualified health benefit plan premium costs
25 provided or sponsored by the employer to the employee, without charge,
26 shall be determined by the allocation of the cost method using
27 generally accepted accounting standards.

28 (4) The credit allowed under this section is limited to an amount
29 equal to fifty percent of the value of the employer premium costs
30 determined under subsection (3) of this section. The total credits
31 allowed under this section for a business may not exceed ten thousand
32 dollars per calendar year.

33 (5) Before claiming the credit under this section, the small
34 business firm must provide proof of qualified health benefit plan
35 coverage availability for all its employees to the office of the
36 insurance commissioner. The office of the insurance commissioner shall
37 annually report to the department of revenue the small business firms
38 that provide approved health benefit plan coverage eligible for the tax
39 credit available under this section.

1 (6) This section applies only to an employer's qualified health
2 benefit plan premium costs for which an application is approved after
3 June 30, 1996.
4 (7) This section shall expire June 30, 2001.

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