

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 5334

Chapter 300, Laws of 1997

55th Legislature
1997 Regular Session

TAX CREDITS FOR GUARANTY ASSOCIATION ASSESSMENTS PAID BY INSURERS

EFFECTIVE DATE: 7/27/97

Passed by the Senate April 19, 1997
YEAS 37 NAYS 9

BRAD OWEN

President of the Senate

Passed by the House April 11, 1997
YEAS 76 NAYS 21

CLYDE BALLARD

**Speaker of the
House of Representatives**

Approved May 9, 1997

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5334** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MIKE O'CONNELL

Secretary

FILED

May 9, 1997 - 1:47 p.m.

GARY LOCKE

Governor of the State of Washington

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 5334

AS AMENDED BY THE HOUSE

Passed Legislature - 1997 Regular Session

State of Washington 55th Legislature 1997 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Winsley, Heavey, Finkbeiner, Benton, Rasmussen, Hale and West)

Read first time 02/12/97.

1 AN ACT Relating to credit against the premium tax for guaranty
2 association assessments paid by insurers; and amending RCW 48.32.145
3 and 48.32A.090.

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

5 **Sec. 1.** RCW 48.32.145 and 1993 sp.s. c 25 s 901 are each amended
6 to read as follows:

7 Every member insurer that prior to April 1, 1993, or after the
8 effective date of this section, shall have paid one or more assessments
9 levied pursuant to RCW 48.32.060(1)(c) shall be entitled to take(~~(~~
10 ~~as~~)) a credit against any premium tax falling due under RCW
11 48.14.020(~~(~~~~7~~)). The amount of the credit shall be one-fifth of the
12 aggregate amount of such aggregate assessments paid during such
13 calendar year for each of the five consecutive calendar years beginning
14 with the calendar year following the calendar year in which such
15 assessments are paid. Whenever (~~(an assessment or uncredited portion~~
16 ~~of an assessment))~~ the allowable credit is or becomes less than one
17 thousand dollars, the entire amount (~~(may be credited))~~ of the credit
18 may be offset against the premium tax at the next time the premium tax
19 is paid.

1 (~~This section shall expire January 1, 1999.~~)

2 **Sec. 2.** RCW 48.32A.090 and 1993 sp.s. c 25 s 902 are each amended
3 to read as follows:

4 (1) The association shall issue to each insurer paying an
5 assessment under this chapter certificates of contribution, in
6 appropriate form and terms as prescribed or approved by the
7 commissioner, for the amounts so paid into the respective funds. All
8 outstanding certificates against a particular fund shall be of equal
9 dignity and priority without reference to amounts or dates of issue.

10 (2) An outstanding certificate of contribution issued for an
11 assessment paid prior to April 1, 1993, or issued for an assessment
12 paid for an insolvent insurer for which the order of liquidation was
13 entered after the effective date of this section, shall be shown by the
14 insurer in its financial statements as an admitted asset for such
15 amount and period of time as the commissioner may approve. Unless a
16 longer period has been allowed by the commissioner the insurer shall in
17 any event at its option have the right to so show a certificate of
18 contribution as an admitted asset at percentages of original face
19 amount for calendar years as follows:

20 100% for the calendar year of issuance;
21 80% for the first calendar year after the year of issuance;
22 60% for the second calendar year after the year of issuance;
23 40% for the third calendar year after the year of issuance;
24 20% for the fourth calendar year after the year of issuance; and
25 0% for the fifth and subsequent calendar years after the year of
26 issuance.

27 Notwithstanding the foregoing, if the value of a certificate of
28 contribution is or becomes less than one thousand dollars, the entire
29 amount may be written off by the insurer in that year.

30 (3) The insurer shall offset the amount written off by it in a
31 calendar year under subsection (2) of this section against its premium
32 tax liability to this state accrued with respect to business transacted
33 in such year.

34 (4) Any sums recovered by the association representing sums which
35 have theretofore been written off by contributing insurers and offset
36 against premium taxes as provided in subsection (3) of this section,
37 shall be paid by the association to the commissioner and then deposited

1 with the state treasurer for credit to the general fund of the state of
2 Washington.

3 (5) No distribution to stockholders, if any, of a liquidating
4 insurer shall be made unless and until the total amount of assessments
5 levied by the association with respect to such insurer have been fully
6 recovered by the association.

Passed the Senate April 19, 1997.

Passed the House April 11, 1997.

Approved by the Governor May 9, 1997.

Filed in Office of Secretary of State May 9, 1997.