

HB 2487 - H AMD TO H AMD(H-3790.2/26) **2518**

By Representative Penner

WITHDRAWN 03/06/2026

1 On page 1, beginning on line 3 of the striking amendment, strike
2 all of section 1 and insert the following:

3
4 "NEW SECTION. **Sec. 1.** (1) The legislature finds that in 1935
5 the legislature enacted as RCW 82.04.320 a business and occupation
6 tax exemption that applied to "any person in respect to insurance
7 business upon which a tax based on gross premiums is paid to the
8 state."

9 (2) In 2024, in *Envolve Pharmacy Solutions, Inc. v. Department of*
10 *Revenue*, 4 Wn.3d 142 (2024), the Washington supreme court construed
11 the exemption to apply to an affiliate of an insurer. The Court
12 correctly reasoned the affiliate qualified for the business and
13 occupation tax exemption because it was a person performing work in
14 respect to insurance business upon which a premium tax had been
15 paid. While the Court's decision was correct on the facts before it,
16 its interpretation of the business and occupation tax exemption
17 leaves open the possibility an affiliate or other entity may claim
18 the exemption merely on the basis of being paid by an insurer with
19 premium funds subject to premium taxes, even if the affiliate or
20 other entity is not engaged in insurance business.

21 (3) Therefore, the legislature intends to clarify the scope of the
22 business and occupation tax exemption such that it applies to
23 insurers and their affiliates in respect to insurance business
24 activities, but does not apply to such entities or others for the
25 purpose of conducting other kinds of business."

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1 On page 3, line 7 of the striking amendment, after "~~(4)~~"
2 strike all material through "48.14.0201(6)." on line 14 and insert
3 "This chapter does not apply to:

4 (a) An insurer or person in respect to insurance business upon
5 which a tax based on gross premiums is paid to the state by an insurer.

6 (b) Amounts received by any member of an insurer holding
7 company system as defined in RCW 48.31B.005 from an insurer or
8 taxpayer in respect to insurance business that is conducted on
9 behalf of an insurer or taxpayer upon which a tax based on gross
10 premiums is paid to the state.

11 (c) Gross premiums received by an insurer that are exempt from
12 premium taxes under RCW 48.14.0201(6)."

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14 On page 4, beginning on line 1, strike all of sections 3 and 4

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16 Renumber the remaining sections consecutively and correct any
17 internal references accordingly.

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EFFECT: Changes intent language. Provides that the business and occupation tax does not apply to an insurer, amounts received by a member of an insurer holding company or gross premiums received by an health maintenance organization, a health care service contractor or a self-funded multiple employer welfare arrangement. Restores the B&O exemption for health maintenance organizations, health care service contractors, and certified health plans. Removes the section addressing payment of delinquent taxes, penalties and interest.

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