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**HOUSE BILL 2745**

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**State of Washington**

**69th Legislature**

**2026 Regular Session**

**By** Representatives Parshley and Macri

Read first time 02/28/26. Referred to Committee on Finance.

1 AN ACT Relating to temporarily increasing insurance premium taxes  
2 on insurers to fund health insurance premium assistance; and amending  
3 RCW 48.14.020 and 48.14.0201.

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

5 **Sec. 1.** RCW 48.14.020 and 2023 c 388 s 4 are each amended to  
6 read as follows:

7 (1)(a) Subject to other provisions of this chapter, each  
8 authorized insurer except title insurers and registered eligible  
9 captive insurers as defined in RCW 48.201.020 shall on or before the  
10 first day of March of each year pay to the state treasurer through  
11 the commissioner's office a tax on premiums. Except as provided in  
12 subsection (3) of this section, such tax shall be in the amount of  
13 ~~((two))~~ 2.75 percent of all premiums collected during calendar year  
14 2026, and in the amount of 2.0 percent of all premiums collected  
15 during calendar year 2027 and thereafter, excluding amounts returned  
16 to or the amount of reductions in premiums allowed to holders of  
17 industrial life policies for payment of premiums directly to an  
18 office of the insurer, collected or received by the insurer under RCW  
19 48.14.090 during the preceding calendar year other than ocean marine  
20 and foreign trade insurances, after deducting premiums paid to  
21 policyholders as returned premiums, upon risks or property resident,

1 situated, or to be performed in this state. For tax purposes, the  
2 reporting of premiums shall be on a written basis or on a paid-for  
3 basis consistent with the basis required by the annual statement. For  
4 the purposes of this section the consideration received by an insurer  
5 for the granting of an annuity shall not be deemed to be a premium.

6 (b) Beginning July 1, 2023, and July 1st of each year thereafter,  
7 the state treasurer shall deposit \$7,000,000 in moneys collected for  
8 premium taxes pursuant to this section into the Washington auto theft  
9 prevention authority account created in RCW 46.66.080. Beginning July  
10 1, 2023, the amount deposited under this subsection must be adjusted  
11 by the most current seasonally adjusted index of the consumer price  
12 index for all urban consumers as published by the bureau of labor  
13 statistics of the United States department of labor.

14 (2)(a) The taxes imposed in this section do not apply to amounts  
15 received by any life and disability insurer for health care services  
16 included within the definition of practice of dentistry under RCW  
17 18.32.020 except amounts received for pediatric oral services that  
18 qualify as coverage for the minimum essential coverage requirement  
19 under P.L. 111-148 (2010), as amended, and for stand-alone family  
20 dental plans as defined in RCW 43.71.080(4)(a), only when offered in  
21 the individual market, as defined in RCW 48.43.005, or to a small  
22 group, as defined in RCW 48.43.005.

23 (b) (~~Beginning~~) Except as provided in subsection (7) of this  
24 section, beginning January 1, 2014, moneys collected for premiums  
25 written on qualified health benefit plans and qualified dental plans  
26 offered through the health benefit exchange under chapter 43.71 RCW  
27 must be deposited in the health benefit exchange account under RCW  
28 43.71.060.

29 (3) In the case of insurers which require the payment by their  
30 policyholders at the inception of their policies of the entire  
31 premium thereon in the form of premiums or premium deposits which are  
32 the same in amount, based on the character of the risks, regardless  
33 of the length of term for which such policies are written, such tax  
34 shall be in the amount of (~~two~~) 2.75 percent of the gross amount of  
35 such premiums and premium deposits collected during calendar year  
36 2026, and in the amount of 2.0 percent of the gross amount of such  
37 premiums and premium deposits collected during calendar year 2027 and  
38 thereafter, upon policies on risks resident, located, or to be  
39 performed in this state, in force as of the (~~thirty-first~~) 31st day  
40 of December next preceding, less the unused or unabsorbed portion of

1 such premiums and premium deposits computed at the average rate  
2 thereof actually paid or credited to policyholders or applied in part  
3 payment of any renewal premiums or premium deposits on one-year  
4 policies expiring during such year.

5 (4) Each authorized insurer shall with respect to all ocean  
6 marine and foreign trade insurance contracts written within this  
7 state during the preceding calendar year, on or before the first day  
8 of March of each year pay to the state treasurer through the  
9 commissioner's office a tax of ninety-five one-hundredths of one  
10 percent on its gross underwriting profit. Such gross underwriting  
11 profit shall be ascertained by deducting from the net premiums (i.e.,  
12 gross premiums less all return premiums and premiums for reinsurance)  
13 on such ocean marine and foreign trade insurance contracts the net  
14 losses paid (i.e., gross losses paid less salvage and recoveries on  
15 reinsurance ceded) during such calendar year under such contracts. In  
16 the case of insurers issuing participating contracts, such gross  
17 underwriting profit shall not include, for computation of the tax  
18 prescribed by this subsection, the amounts refunded, or paid as  
19 participation dividends, by such insurers to the holders of such  
20 contracts.

21 (5) The state does hereby preempt the field of imposing excise or  
22 privilege taxes upon insurers or their appointed insurance producers,  
23 other than title insurers, and no county, city, town or other  
24 municipal subdivision shall have the right to impose any such taxes  
25 upon such insurers or these insurance producers.

26 (6) If an authorized insurer collects or receives any such  
27 premiums on account of policies in force in this state which were  
28 originally issued by another insurer and which other insurer is not  
29 authorized to transact insurance in this state on its own account,  
30 such collecting insurer shall be liable for and shall pay the tax on  
31 such premiums.

32 (7) The portion of taxes imposed under subsections (1) and (3) of  
33 this section that exceed two percent of premiums shall be deposited  
34 in the state health care affordability account created in RCW  
35 43.71.130 and used to fund the premium assistance and cost-sharing  
36 reduction program established in RCW 43.71.110.

37 (8) The portion of taxes imposed under subsection (1) or (3) of  
38 this section that exceed two percent of premiums must be borne solely  
39 by the taxpayer and may not be passed through to enrollees in  
40 premiums, rates, plan design, or otherwise, unless the commissioner

1 determines that to do so would create a significant risk of carrier  
2 insolvency or consumer harm. A taxpayer shall demonstrate the  
3 taxpayer's compliance with this subsection as directed by the  
4 commissioner. The commissioner may adopt rules to implement this  
5 subsection.

6 **Sec. 2.** RCW 48.14.0201 and 2025 c 423 s 103 are each amended to  
7 read as follows:

8 (1) As used in this section, "taxpayer" means a health  
9 maintenance organization as defined in RCW 48.46.020, a health care  
10 service contractor as defined in chapter 48.44 RCW, or a self-funded  
11 multiple employer welfare arrangement as defined in RCW 48.125.010.

12 ~~((Each))~~ (a) Except as provided in (b) of this subsection,  
13 each taxpayer must pay a tax on or before the first day of March of  
14 each year to the state treasurer through the insurance commissioner's  
15 office. The tax must be equal to the total amount of all premiums and  
16 prepayments for health care services collected or received by the  
17 taxpayer under RCW 48.14.090 during the preceding calendar year  
18 multiplied by the rate of two percent. For tax purposes, the  
19 reporting of premiums and prepayments must be on a written basis or  
20 on a paid-for basis consistent with the basis required by the annual  
21 statement.

22 (b) For all premiums and prepayments collected during calendar  
23 year 2026, the tax must be equal to the total amount of all premiums  
24 and prepayments for health care services collected or received by the  
25 taxpayer under RCW 48.14.090 during the preceding calendar year  
26 multiplied by the rate of 2.75 percent.

27 (3) Taxpayers must prepay their tax obligations under this  
28 section. The minimum amount of the prepayments is the percentages of  
29 the taxpayer's tax obligation for the preceding calendar year  
30 recomputed using the rate in effect for the current year. For the  
31 prepayment of taxes due during the first calendar year, the minimum  
32 amount of the prepayments is the percentages of the taxpayer's tax  
33 obligation that would have been due had the tax been in effect during  
34 the previous calendar year. The tax prepayments must be paid to the  
35 state treasurer through the commissioner's office by the due dates  
36 and in the following amounts:

- 37 (a) On or before June 15, 45 percent;  
38 (b) On or before September 15, 25 percent;  
39 (c) On or before December 15, 25 percent.

1 (4) For good cause demonstrated in writing, the commissioner may  
2 approve an amount smaller than the preceding calendar year's tax  
3 obligation as recomputed for calculating the health maintenance  
4 organization's, health care service contractor's, self-funded  
5 multiple employer welfare arrangement's, or certified health plan's  
6 prepayment obligations for the current tax year.

7 (5) (a) Except as provided in (b) and (c) of this subsection,  
8 moneys collected under this section are deposited in the general  
9 fund.

10 (b) Beginning January 1, 2014, moneys collected from taxpayers  
11 for premiums written on qualified health benefit plans and qualified  
12 dental plans offered through the health benefit exchange under  
13 chapter 43.71 RCW must be deposited in the health benefit exchange  
14 account under RCW 43.71.060, except as provided in (c) of this  
15 subsection.

16 (c) The portion of taxes collected under subsection (2)(b) of  
17 this section for calendar year 2026 that exceed two percent of  
18 premiums and prepayments, must be deposited in the state health care  
19 affordability account created in RCW 43.71.130 and used to fund the  
20 premium assistance and cost-sharing reduction program established in  
21 RCW 43.71.110.

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

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

27 (b) Amounts received by any taxpayer from the state of Washington  
28 as prepayments for health care services provided under:

29 (i) The medical care services program as provided in RCW  
30 74.09.035; or

31 (ii) The Washington basic health plan on behalf of subsidized  
32 enrollees as provided in chapter 70.47 RCW.

33 (c) Amounts received by any health care service contractor as  
34 defined in chapter 48.44 RCW, or any health maintenance organization  
35 as defined in chapter 48.46 RCW, as prepayments for health care  
36 services included within the definition of practice of dentistry  
37 under RCW 18.32.020, except amounts received for pediatric oral  
38 services that qualify as coverage for the minimum essential coverage  
39 requirement under P.L. 111-148 (2010), as amended, and for stand-  
40 alone family dental plans as defined in RCW 43.71.080(4)(a), only

1 when offered in the individual market, as defined in RCW 48.43.005,  
2 or to a small group, as defined in RCW 48.43.005.

3 (d) Participant contributions to self-funded multiple employer  
4 welfare arrangements that are not taxable in this state.

5 (7) Beginning January 1, 2000, the state preempts the field of  
6 imposing excise or privilege taxes upon taxpayers and no county,  
7 city, town, or other municipal subdivision has the right to impose  
8 any such taxes upon such taxpayers. This subsection is limited to  
9 premiums and payments for health benefit plans offered by health care  
10 service contractors under chapter 48.44 RCW, health maintenance  
11 organizations under chapter 48.46 RCW, and self-funded multiple  
12 employer welfare arrangements as defined in RCW 48.125.010. The  
13 preemption authorized by this subsection must not impair the ability  
14 of a county, city, town, or other municipal subdivision to impose  
15 excise or privilege taxes upon the health care services directly  
16 delivered by the employees of a health maintenance organization under  
17 chapter 48.46 RCW.

18 (8)(a) The taxes imposed by this section apply to a self-funded  
19 multiple employer welfare arrangement only in the event that they are  
20 not preempted by the employee retirement income security act of 1974,  
21 as amended, 29 U.S.C. Sec. 1001 et seq. The arrangements and the  
22 commissioner must initially request an advisory opinion from the  
23 United States department of labor or obtain a declaratory ruling from  
24 a federal court on the legality of imposing state premium taxes on  
25 these arrangements. Once the legality of the taxes has been  
26 determined, the multiple employer welfare arrangement certified by  
27 the insurance commissioner must begin payment of these taxes.

28 (b) If there has not been a final determination of the legality  
29 of these taxes, then beginning on the earlier of (i) the date the  
30 fourth multiple employer welfare arrangement has been certified by  
31 the insurance commissioner, or (ii) April 1, 2006, the arrangement  
32 must deposit the taxes imposed by this section into an interest  
33 bearing escrow account maintained by the arrangement. Upon a final  
34 determination that the taxes are not preempted by the employee  
35 retirement income security act of 1974, as amended, 29 U.S.C. Sec.  
36 1001 et seq., all funds in the interest bearing escrow account must  
37 be transferred to the state treasurer.

38 (9) The effect of transferring contracts for health care services  
39 from one taxpayer to another taxpayer is to transfer the tax  
40 prepayment obligation with respect to the contracts.

1           (10) On or before June 1st of each year, the commissioner must  
2 notify each taxpayer required to make prepayments in that year of the  
3 amount of each prepayment and must provide remittance forms to be  
4 used by the taxpayer. However, a taxpayer's responsibility to make  
5 prepayments is not affected by failure of the commissioner to send,  
6 or the taxpayer to receive, the notice or forms.

7           (11) The portion of taxes imposed under subsection (2)(b) of this  
8 section that exceed two percent of premiums and prepayments must be  
9 borne solely by the taxpayer and may not be passed through to  
10 enrollees in premiums, rates, plan design, or otherwise, unless the  
11 commissioner determines that to do so would create a significant risk  
12 of carrier insolvency or consumer harm. A taxpayer shall demonstrate  
13 the taxpayer's compliance with this subsection as directed by the  
14 commissioner. The commissioner may adopt rules to implement this  
15 subsection.

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