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HOUSE BILL 2091

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State of Washington                      62nd Legislature                      2011 Regular Session

By Representatives Hasegawa and Roberts

Read first time 04/14/11. Referred to Committee on Ways & Means.

1            AN ACT Relating to funding the basic health plan through a tax on  
2 the windfall profits of financial institutions; adding a new section to  
3 chapter 82.04 RCW; creating a new section; and providing an effective  
4 date.

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

6            NEW SECTION.    **Sec. 1.**    (1) The legislature finds that in the  
7 process of mitigating a revenue shortfall of approximately ten billion  
8 dollars for the 2009-2011 biennium, the state, only two years later,  
9 faces another projected revenue shortfall of at least five billion  
10 dollars. Many of the programs that were cut by the 2009 and 2010  
11 legislative sessions and that are under the threat of further cuts  
12 during the 2011 legislative session, are due to the current economic  
13 recession and the fundamental inadequacies and unfairness of our  
14 current revenue structure. These budget cuts threaten the health,  
15 safety, and security of a civilized Washington state. Some examples of  
16 these cuts are: Dropping forty thousand people off the Washington  
17 basic health plan; cutting early childhood education for one thousand  
18 five hundred three year olds; cutting all-day kindergarten for children  
19 living in poverty; cutting assistance for thirty thousand disabled and

1 unemployable persons; cutting prescription drug assistance for  
2 eighty-five thousand seniors; cutting maternity support for fifty  
3 thousand high-risk pregnant women; cutting terminal care hospices for  
4 two thousand six hundred people; cutting children's health care for  
5 sixteen thousand low-income kids; making tuition costs out of reach for  
6 average income students; cutting medicaid medical care; and cutting  
7 services for mental health care, chemical dependency, home care, child  
8 care, public health, foster care, tobacco use prevention, cancer  
9 screening, nursing home care, supporting people with developmental  
10 disabilities, home visiting, universal vaccinations, hospital care,  
11 affordable housing, adult day health, and family planning, among many  
12 others.

13 (2) The legislature further finds that the federal stimulus money  
14 and accounting procedures used to balance the 2009-2011 budget will  
15 probably not be available to mitigate any projected revenue shortfall  
16 in the 2011-2013 budget. Therefore, it is in the best interests of the  
17 people of Washington state to mitigate the devastating effects of the  
18 aforementioned cuts by looking at new ways to raise revenue for the  
19 short term, and to look at long-term solutions to the state's revenue  
20 problems. This can be done while at the same time securing fairness,  
21 adequacy, and stability within our state revenue structure.

22 (3) It is the legislature's intent with this act to move the state  
23 forward with two goals: (a) Raising immediate revenue to mitigate the  
24 cruel impacts of draconian budget cuts, with specific emphasis on the  
25 basic health plan; and (b) initiating inquiry and proceedings toward  
26 long-term solutions to the state's unfair, inadequate, and volatile  
27 revenue problems. These goals allow all the people of the state to:  
28 Collectively share the financial responsibilities of this recession so  
29 that everyone is pitching in to get us all through the recession  
30 together; ensure that we leave no one behind; and position our state  
31 for recovery by reforming our revenue structure to encourage healthy  
32 economic development.

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

35 (1) Subject to subsection (2) of this section, an additional tax is  
36 imposed on a banking business each year for business activities

1 conducted within this state. The tax equals the taxable amount  
2 reported on the state combined excise tax return for the prior calendar  
3 year multiplied by the rate of 1.5 percent.

4 (2) The tax under subsection (1) of this section only applies if  
5 the two following requirements are met for any year: (a) The banking  
6 business reported annual net income in the prior calendar year equal to  
7 or greater than one billion dollars; and (b) annual net income for the  
8 prior calendar year was at least five percent of its total revenue for  
9 that year. The requirements under this subsection must be evaluated  
10 based on information reported in the banking business's consolidated  
11 financial statements, as prepared according to generally accepted  
12 accounting principles, for the prior calendar year.

13 (3) Chapter 82.32 RCW applies to this section except as otherwise  
14 provided in this section. The tax imposed under this section must be  
15 paid by the twenty-fifth of May, except taxes owed in 2011 are due by  
16 the twenty-fifth of September. The department may adopt rules  
17 necessary to implement and collect the tax imposed under this section.

18 (4) Taxes collected under this section must be deposited into the  
19 general fund to be used exclusively for the basic health plan under  
20 chapter 70.47 RCW.

21 (5) For the purpose of this section, "banking business" means a  
22 person engaging in business as a national or state-chartered bank, a  
23 mutual savings bank, a savings and loan association, a trust company,  
24 an alien bank, a foreign bank, a credit union, a stock savings bank, or  
25 a similar entity that is chartered under Title 30, 31, 32, or 33 RCW,  
26 or organized under Title 12 U.S.C.

27 NEW SECTION. **Sec. 3.** This act takes effect August 1, 2011.

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