
SUBSTITUTE SENATE BILL 5858

State of Washington

66th Legislature

2019 Regular Session

By Senate Financial Institutions, Economic Development & Trade
(originally sponsored by Senators Hobbs and Zeiger)

READ FIRST TIME 02/22/19.

1 AN ACT Relating to funding and uses of the military department
2 active state service account; and amending RCW 48.14.020 and
3 38.40.220.

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

5 **Sec. 1.** RCW 48.14.020 and 2016 c 133 s 1 are each amended to
6 read as follows:

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

1 the purposes of this section the consideration received by an insurer
2 for the granting of an annuity shall not be deemed to be a premium.

3 (2) (a) The taxes imposed in this section do not apply to amounts
4 received by any life and disability insurer for health care services
5 included within the definition of practice of dentistry under RCW
6 18.32.020 except amounts received for pediatric oral services that
7 qualify as coverage for the minimum essential coverage requirement
8 under P.L. 111-148 (2010), as amended, and for stand-alone family
9 dental plans as defined in RCW 43.71.080(4) (a), only when offered in
10 the individual market, as defined in RCW 48.43.005(27), or to a small
11 group, as defined in RCW 48.43.005(33).

12 (b) Beginning January 1, 2014, moneys collected for premiums
13 written on qualified health benefit plans and qualified dental plans
14 offered through the health benefit exchange under chapter 43.71 RCW
15 must be deposited in the health benefit exchange account under RCW
16 43.71.060.

17 (3) In the case of insurers which require the payment by their
18 policyholders at the inception of their policies of the entire
19 premium thereon in the form of premiums or premium deposits which are
20 the same in amount, based on the character of the risks, regardless
21 of the length of term for which such policies are written, such tax
22 shall be in the amount of two percent of the gross amount of such
23 premiums and premium deposits upon policies on risks resident,
24 located, or to be performed in this state, in force as of the thirty-
25 first day of December next preceding, less the unused or unabsorbed
26 portion of such premiums and premium deposits computed at the average
27 rate thereof actually paid or credited to policyholders or applied in
28 part payment of any renewal premiums or premium deposits on one-year
29 policies expiring during such year.

30 (4) Each authorized insurer shall with respect to all ocean
31 marine and foreign trade insurance contracts written within this
32 state during the preceding calendar year, on or before the first day
33 of March of each year pay to the state treasurer through the
34 commissioner's office a tax of ninety-five one-hundredths of one
35 percent on its gross underwriting profit. Such gross underwriting
36 profit shall be ascertained by deducting from the net premiums (i.e.,
37 gross premiums less all return premiums and premiums for reinsurance)
38 on such ocean marine and foreign trade insurance contracts the net
39 losses paid (i.e., gross losses paid less salvage and recoveries on
40 reinsurance ceded) during such calendar year under such contracts. In

1 the case of insurers issuing participating contracts, such gross
2 underwriting profit shall not include, for computation of the tax
3 prescribed by this subsection, the amounts refunded, or paid as
4 participation dividends, by such insurers to the holders of such
5 contracts.

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

11 (6) If an authorized insurer collects or receives any such
12 premiums on account of policies in force in this state which were
13 originally issued by another insurer and which other insurer is not
14 authorized to transact insurance in this state on its own account,
15 such collecting insurer shall be liable for and shall pay the tax on
16 such premiums.

17 (7) One million dollars from the taxes imposed in this section
18 must be transferred to the military department active state service
19 account on July 1, 2019, and every two years thereafter.

20 **Sec. 2.** RCW 38.40.220 and 2008 c 44 s 1 are each amended to read
21 as follows:

22 The military department active state service account is created
23 in the state treasury. Moneys may be placed in the account from
24 legislative appropriations and transfers, federal appropriations, or
25 any other lawful source. Moneys in the account may be spent only
26 after appropriation. Expenditures from the account may be used
27 ~~((only))~~ for:

28 (1) Claims and expenses for the organized militia called into
29 active state service to perform duties under RCW 38.08.040 that are
30 not paid under RCW 38.24.010 from nonappropriated funds, including
31 but not limited to claims and expenses arising from anticipated
32 planning, training, exercises, and other administrative duties that
33 are not of an emergency nature;

34 (2) The military department's state disaster planning, training,
35 exercising, and response; and

36 (3) The maintenance of military department facilities.

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