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SECOND ENGROSSED SUBSTITUTE HOUSE BILL 1592

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State of Washington

54th Legislature

1995 Regular Session

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives L. Thomas, Dellwo, Mielke and G. Fisher)

Read first time 02/27/95.

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

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~~)). For assessments paid after the effective date of this  
12 section, the amount of the credit shall be one-tenth of the aggregate  
13 amount of such aggregate assessments paid during such calendar year for  
14 each of the ten consecutive calendar years beginning with the calendar  
15 year following the calendar year in which such assessments are paid.  
16 For assessments paid prior to April 1, 1993, the amount of the credit  
17 shall be one-fifth of the aggregate amount of such aggregate  
18 assessments paid during such calendar year for each of the five  
19 consecutive calendar years beginning with the calendar year following

1 the calendar year in which such assessments are paid. Whenever ((an  
2 ~~assessment or uncredited portion of an assessment~~) the allowable  
3 credit is or becomes less than one thousand dollars, the entire amount  
4 ((~~may be credited~~)) of the credit may be offset against the premium tax  
5 at the next time the premium tax is paid.

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

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

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

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

23 (a) For assessments paid after the effective date of this section:  
24 100% for the calendar year of issuance;  
25 90% for the first calendar year after the year of issuance;  
26 80% for the second calendar year after the year of issuance;  
27 70% for the third calendar year after the year of issuance;  
28 60% for the fourth calendar year after the year of issuance;  
29 50% for the fifth calendar year after the year of issuance;  
30 40% for the sixth calendar year after the year of issuance;  
31 30% for the seventh calendar year after the year of issuance;  
32 20% for the eighth calendar year after the year of issuance;  
33 10% for the ninth calendar year after the year of issuance; and  
34 0% for the tenth and subsequent calendar years after the year of  
35 issuance; or

36 (b) For assessments paid prior to April 1, 1993:  
37 100% for the calendar year of issuance;  
38 80% for the first calendar year after the year of issuance;

1       60% for the second calendar year after the year of issuance;  
2       40% for the third calendar year after the year of issuance;  
3       20% for the fourth calendar year after the year of issuance; and  
4       0% for the fifth and subsequent calendar years after the year of  
5 issuance.

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

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

13       (4) Any sums recovered by the association representing sums which  
14 have theretofore been written off by contributing insurers and offset  
15 against premium taxes as provided in subsection (3) of this section,  
16 shall be paid by the association to the commissioner and then deposited  
17 with the state treasurer for credit to the general fund of the state of  
18 Washington.

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

23       NEW SECTION.   **Sec. 3.** This act is necessary for the immediate  
24 preservation of the public peace, health, or safety, or support of the  
25 state government and its existing public institutions, and shall take  
26 effect immediately.

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