

HOUSE BILL ANALYSIS

HB 2502

Title: An act relating to declaring the state's preemption of the field of excise or privilege taxes on health maintenance organization health care service contractors.

Brief Description: Declaring the state's preemption of excise or privilege taxes on health care services.

Sponsors: Representatives Zellinsky, Grant, L. Thomas, Sullivan, Dyer, Morris and Benson.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Meeting Date: January 22, 1998

Bill Analysis Prepared by: Charlie Gavigan, Counsel (786-7340)

Background: Insurance companies pay a premium tax of 2 percent on premiums. These taxes are collected by the Insurance Commissioner for deposit in the general fund. Health care service contractors and health maintenance organizations also pay a 2 percent tax on premiums or prepayments. These taxes are deposited in the Health Services Account.

Local governments are preempted by the state from imposing excise or privilege taxes on insurance companies.

Summary of Bill: Local governments are preempted by the state from imposing excise or privilege taxes on health care service contractors and health maintenance organizations.

Appropriation: None.

Fiscal Note: Requested January 19, 1998.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Rulemaking Authority: None Specified.