

# FINAL BILL REPORT

## SHB 3096

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C 323 L 98

Synopsis as Enacted

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

**Sponsors:** By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Zellinsky and L. Thomas).

**House Committee on Financial Institutions & Insurance**

**House Committee on Finance**

**Senate Committee on Financial Institutions, Insurance & Housing**

**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:** Beginning January 1, 2000, local governments are preempted by the state from imposing excise or privilege taxes on premiums or payments for health benefit plans provided by health care service contractors and health maintenance organizations. The preemption does not apply to the services performed by employees of a health maintenance organization.

**Votes on Final Passage:**

House 79 19

Senate 44 5 (Senate amended)

House 83 12 (House concurred)

**Effective:** June 11, 1998