
SUBSTITUTE HOUSE BILL 2880

State of Washington 59th Legislature 2006 Regular Session

By House Committee on Finance (originally sponsored by Representative McIntire; by request of Department of Revenue)

READ FIRST TIME 01/30/06.

1 AN ACT Relating to insurance premiums tax; amending RCW 48.14.080;
2 creating new sections; and declaring an emergency.

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

4 NEW SECTION. **Sec. 1.** The legislature finds that the insurance
5 premiums tax is intended to be in lieu of any other tax imposed on
6 insurers. However, insurers are not exempt from taxes on real and
7 tangible personal property, or excise taxes on the sale, purchase, or
8 use of such property. These provisions, enacted in 1949, have not been
9 reviewed or altered in light of significant expansion of sales and use
10 taxes to include taxation of many service activities. Some insurers
11 have interpreted their obligation to pay retail sales and use taxes to
12 be limited to those taxes imposed on the sale or use of tangible
13 personal property. These insurers claim exemption from retail sales
14 tax, use tax, or any other excise tax on the purchase or sale of
15 services, such as telephone service, credit bureau services,
16 construction services, landscape services, and repair services. Other
17 insurers have consistently paid excise taxes imposed on these services.

18 The legislature further finds exempting insurers from excise taxes
19 on the purchase or sale of services is inequitable and results from the

1 inadvertent failure to revise insurance premiums tax statutes to be
2 consistent with other excise tax statutes. The legislature declares
3 its intent to require insurers to pay retail sales and use taxes on
4 purchases of both tangible personal property or services, on the same
5 terms as other taxpayers. This act is intended to apply both
6 prospectively and retrospectively.

7 **Sec. 2.** RCW 48.14.080 and 1998 c 312 s 1 are each amended to read
8 as follows:

9 (1) As to insurers, other than title insurers and taxpayers under
10 RCW 48.14.0201, the taxes imposed by this title shall be in lieu of all
11 other taxes, except as otherwise provided in this section.

12 (2) Subsection (1) of this section does not apply with respect to:

13 (a) Taxes on real and tangible personal property((~~τ~~));

14 (b) Excise taxes on the sale, purchase ((~~σ~~)), use, or possession
15 of ((~~such~~)) (i) real property; (ii) tangible personal property((~~τ~~));
16 (iii) extended warranties; and (iv) services; and

17 (c) The tax imposed in RCW 82.04.260((~~+12~~)) (10), regarding public
18 and nonprofit hospitals.

19 (3) For the purposes of this section, the term "taxes" includes
20 taxes imposed by the state or any county, city, town, municipal
21 corporation, quasi-municipal corporation, or other political
22 subdivision.

23 NEW SECTION. **Sec. 3.** This act applies both prospectively and
24 retroactively.

25 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
26 preservation of the public peace, health, or safety, or support of the
27 state government and its existing public institutions, and takes effect
28 immediately.

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