
HOUSE BILL 2880

State of Washington 59th Legislature 2006 Regular Session

By Representative McIntire; by request of Department of Revenue

Read first time 01/16/2006. Referred to Committee on Finance.

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

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

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

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

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

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

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

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

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

25 NEW SECTION. **Sec. 3.** This act applies both prospectively and
26 retroactively.

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

--- END ---