

SHB 2679 - H AMD 1466

By Representative Chambers

1 On page 2, line 39, after "the" strike "nonprofit"

2 On page 3, beginning on line 5, strike all of sections 3 through
3 8 and insert the following:

4 "NEW SECTION. **Sec. 3.** A new section is added to chapter 48.43
5 RCW to read as follows:

6 (1) Subject to the restrictions in this section, in computing the
7 tax due under section 2 of this act, there may be deducted from
8 taxable premiums and prepayments the amount equal to the nonprofit
9 health carrier's capital investments and community investment in
10 Washington during the previous tax year.

11 (2)(a) The amount of capital investments deducted pursuant to
12 this section must be equal to the depreciation deductions, allocated
13 to Washington pursuant to (b) of this subsection, and taken pursuant
14 to Title 26 U.S.C. Sec. 167 or 179 of the internal revenue code, as
15 it existed on the effective date of this section or such subsequent
16 date as may be provided by the department by rule, consistent with
17 the purposes of this act.

18 (b) Depreciation deductions authorized under this subsection are
19 allocated as follows:

20 (i) Depreciation deductions attributable to real property are
21 allocated to this state if the real property is located in this state
22 or a majority of the fair market value of the real property is
23 located in this state.

24 (ii) Depreciation deductions from tangible personal property are
25 allocated to this state if the property was located in this state at
26 the time of the deduction. Depreciation deductions from tangible
27 personal property are also allocated to this state even though the
28 property was not located in this state at the time of the deduction
29 if:

30 (A) The property was located in the state at any time during the
31 taxable year or the immediately preceding taxable year;

32 (B) The taxpayer was a resident at the time of the deduction; and

1 (C) The taxpayer is not subject to the payment of an income or
2 excise tax legally imposed on the depreciation deduction by another
3 taxing jurisdiction.

4 (iii) Depreciation deductions derived from intangible personal
5 property are allocated to this state if the taxpayer was domiciled in
6 this state at the time the deduction occurred.

7 (3) The amount of community investment deducted pursuant to this
8 section must be equal to any amounts provided to:

9 (a) A nonprofit organization, corporation, or association under
10 Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code
11 of 1986, as amended, as of the effective date of this section, for
12 community or public health purposes in Washington; and

13 (b) A government entity for community or public health purposes
14 in Washington.

15 (4) For the purposes of this section, "tax year" means a twelve-
16 month period from January 1st to December 31st."

17 Renumber the remaining sections consecutively and correct any
18 internal references accordingly.

19 On page 4, line 33, after "The" strike "nonprofit"

20 On page 5, line 1, after "from" strike "nonprofit"

21 On page 5, beginning on line 3, after "act" strike all material
22 through "revenue" on line 4

23 On page 5, line 5, after "the" strike "nonprofit"

24 On page 5, line 6, after "the" strike "nonprofit"

25 On page 7, line 2, after "the" strike "nonprofit"

26 On page 9, beginning on line 10, strike all of sections 11
27 through 13

28 Renumber the remaining section consecutively and correct any
29 internal references accordingly.

30 Correct the title.

EFFECT: Removes the tax on depreciated capital. Provides a
deduction to tax on a nonprofit health carrier's excessive surplus

for in-state capital and community investments. Removes "nonprofit"
from the new account name.

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