

Insurance Premium Tax



48.14.020(1) - Title insurance

Description	Title insurance companies are exempt from the 2.0 percent insurance premiums tax. However, they do pay B&O tax under the 0.471 percent retailing classification and collect retail sales tax from their customers.							
Purpose	To reflect the fact that title insurance is subject to retail sales tax.							
Taxpayer	(\$ in millions):							
savings		FY 2016	FY 2017	FY 2018	FY 2019			
	State Taxes	\$6.500	\$6.700	\$7.000	\$7.300			
	Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000			
exemption Potential revenue gains	reduction in tax r (\$ in millions):	evenues by swi ^r FY 2016	FY 2017	to the insurance provide the first the first term of term	FY 2019			
from full repeal	State Taxes	\$0.000	\$6.200	\$7.000	\$7.300			
-	Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000			
Assumptions	 Tax base (premiums) growth of 4 percent a year. The activity will also be subject to the B&O tax and retail sales tax. Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date. 							
Data Sources	Sources Washington State Office of the Insurance Commissioner							
Additional	Additional Info	ormation						
Information	Category:	Tax	base					
	Year Enacted:	1947	7					
	Primary Benefic	iaries: Title	insurance compa	nies				
	Taxpayer Count	: 12	· · · · · ·					
	Taxpayer Count:12							
	Program Incons		e evident					

48.14.020(4) - Ocean marine insurance

Description	Ocean marine a	nd foreign trad	e insurers receive:			
	 (1) A preferential insurance premiums tax rate of 0.95 percent, and (2) A deduction for losses. Other domestic and foreign insurers pay a 2.0 percent insurance premiums tax with no deduction for losses. 					
Purpose	To support ocean marine commerce.					
Taxpayer	(\$ in millions):					
savings		FY 2016	FY 2017	FY 2018	FY 2019	
	State Taxes	\$2.000	\$2.000	\$2.000	\$2.000	
	Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000	
Repeal of exemption	Repealing this e	xemption wou	d increase revenue			
	(\$ in millions):					
revenue gains		FY 2016	FY 2017	FY 2018	FY 2019	
Potential revenue gains from full repeal	(\$ in millions): State Taxes Local Taxes		\$1.800	FY 2018 \$2.000 \$0.000	FY 2019 \$2.000 \$0.000	
revenue gains from full repeal	State Taxes Local Taxes - On average,	FY 2016 \$0.000 \$0.000 loss is 70 perc	\$1.800	\$2.000 \$0.000	\$2.000 \$0.000	
revenue gains from full repeal Assumptions	State Taxes Local Taxes - On average, - Eleven mon date.	FY 2016 \$0.000 \$0.000 loss is 70 perc ths of collectio) \$1.800) \$0.000 ent of premiums.	\$2.000 \$0.000 7 due to July 1, 20	\$2.000 \$0.000	
revenue gains from full repeal Assumptions Data Sources	State Taxes Local Taxes - On average, - Eleven mon date.	FY 2016 \$0.000 \$0.000 loss is 70 perc ths of collectio) \$1.800) \$0.000 ent of premiums. ns in Fiscal Year 201	\$2.000 \$0.000 7 due to July 1, 20	\$2.000 \$0.000	
revenue gains from full repeal Assumptions Data Sources Additional	State Taxes Local Taxes - On average, - Eleven mon date. Washington Stat	FY 2016 \$0.000 \$0.000 loss is 70 perc ths of collectio te Office of the formation) \$1.800) \$0.000 ent of premiums. ns in Fiscal Year 201	\$2.000 \$0.000 7 due to July 1, 20	\$2.000 \$0.000	
revenue gains from full repeal Assumptions Data Sources Additional	State Taxes Local Taxes - On average, - Eleven mon date. Washington Sta	FY 2016 \$0.000 \$0.000 loss is 70 perc ths of collectio te Office of the formation) \$1.800) \$0.000 ent of premiums. Ins in Fiscal Year 201 Insurance Commiss	\$2.000 \$0.000 7 due to July 1, 20	\$2.000 \$0.000	
revenue gains	State Taxes Local Taxes - On average, - Eleven mon date. Washington Stat Additional Int Category:	FY 2016 \$0.000 \$0.000 loss is 70 perc ths of collectio te Office of the formation Bu 19 iciaries: Cc	 \$1.800 \$0.000 \$0.000 ent of premiums. ns in Fiscal Year 201 Insurance Commiss siness 47 mpanies that provide 	\$2.000 \$0.000 .7 due to July 1, 20 sioner	\$2.000 \$0.000 16 effective	
revenue gains from full repeal Assumptions Data Sources Additional	State Taxes Local Taxes - On average, - Eleven mon date. Washington Stat Additional Int Category: Year Enacted: Primary Benef	FY 2016 \$0.000 \$0.000 loss is 70 perc ths of collectio te Office of the formation Bu 19 iciaries: Co tra	\$1.800 \$0 \$0.000 ent of premiums. ns in Fiscal Year 201 Insurance Commiss siness 47 mpanies that provide insurance	\$2.000 \$0.000 .7 due to July 1, 20 sioner	\$2.000 \$0.000 16 effective	
revenue gains from full repeal Assumptions Data Sources Additional	State Taxes Local Taxes - On average, - Eleven mon date. Washington Stat Additional Int Category: Year Enacted:	FY 2016 \$0.000 \$0.000 loss is 70 perc ths of collectio te Office of the formation Bu 19 iciaries: Co tra 50	\$1.800 \$0 \$0.000 ent of premiums. ns in Fiscal Year 201 Insurance Commiss siness 47 mpanies that provide insurance	\$2.000 \$0.000 .7 due to July 1, 20 sioner	\$2.000 \$0.000 16 effective	

48.14.0201(6a) - Medicare receipts

Description	Health maintenance organizations and health care service contractors are exempt from the insurance premiums tax on Medicare payments received from the federal government.						
Purpose	Reduces the cost of providing health care for Medicare patients.						
Taxpayer	(\$ in millions):						
savings		FY 2016	5	FY 2017	FY 2018	FY 2019	
	State Taxes	\$78.	.835	\$82.666	\$86.683	\$90.895	
	Local Taxes	\$0.	.000	\$0.000	\$0.000	\$0.000	
Potential revenue gains	(\$ in millions): FY 2016 FY 2017 FY 2018 FY 2019						
from full repeal	State Taxes		.000	\$75.777	\$86.683	\$90.895	
	Local Taxes	\$0.	.000	\$0.000	\$0.000	\$0.000	
Assumptions Data Sources	July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017 Washington State Office of Insurance Commissioner						
Additional	Additional Int	ormation					
Information	Category:		Busi	ness			
	Year Enacted:		1993	8			
	Primary Benef	ciaries:	servi	th maintenance o ce contractors that icare patients	-		
	Taxpayer Cour	it:	27				
	Program Incon	sistency:	Non	e evident			
	JLARC Review:		JLARC completed a full review in 2013				

48.14.0201(6b) - Washington Basic Health Care receipts

Description	Medical care receipts as provided in RCW 74.09.035 and Basic Health Care premiums are exempt from the insurance premiums tax.							
Purpose	To avoid taxing receipts from state sources.							
Taxpayer	(\$ in millions):							
savings		FY 2016	5	FY 2017	FY 2018	FY 2019		
	State Taxes	\$1.	.964	\$1.964	\$1.964	\$1.964		
	Local Taxes	\$0.	.000	\$0.000	\$0.000	\$0.000		
Repeal of exemption	Repealing this	exemption w	vould	increase revenues	5.			
Potential	(\$ in millions)	:						
revenue gains		FY 2016	5	FY 2017	FY 2018	FY 2019		
from full repeal	State Taxes		.000	\$1.800	\$1.964	\$1.964		
	Local Taxes	\$0.	.000	\$0.000	\$0.000	\$0.000		
Assumptions	Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date							
Data Sources	Washington State Office of Insurance Commissioner							
Additional	Additional In	nformation						
Information	Category:		Busi	ness				
	Year Enacted		1993					
	Primary Bene	ficiaries:	Heal	th care service co	ntractors			
	Taxpayer Cou			nown				
	Program Inco			e evident				
	JLARC Review	-	JLAR	C completed a ful	l review in 2013			

48.14.0201(6c) - Dentistry prepayments

Description	tion Health service contractors and health maintenance organizations are exempt from the insurance premiums tax for amounts received for dental coverage.					-	
	Amounts paid for insurance coverage for pediatric oral services are subject to the premiums tax if the services are:						
	 Offered by a health service contractor or health maintenance organization, and Qualify as coverage for the minimum essential coverage requirement under the Patient Protection and Affordable Care Act. 						
Purpose	To reduce the cost of providing dental coverage.						
Taxpayer	(\$ in millions):						
savings		FY 2016	FY	2017	FY 2018	FY 2019	
	State Taxes	\$11.	977	\$11.977	\$11.977	\$11.977	
	Local Taxes	\$0.	000	\$0.000	\$0.000	\$0.000	
exemption Potential	(\$ in millions):						
revenue gains		FY 2016	FY	2017	FY 2018	FY 2019	
from full repeal	State Taxes	\$0.0	000	\$10.979	\$11.977	\$11.977	
	Local Taxes	\$0.0	000	\$0.000	\$0.000	\$0.000	
Assumptions Data Sources	Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date Washington State Office of Insurance Commissioner						
Additional	Additional In						
Additional Information			Business				
	Additional In		Business 1993				
	Additional In Category:	formation					
	Additional In Category: Year Enacted:	formation	1993				
	Additional In Category: Year Enacted: Primary Benef	formation iciaries: nt: nsistency:	1993 Health care 10 None evider	service co			

48.14.021; 48.14.020 - Pensions, annuities, profit-sharing plans

Description	Premiums received from policies or contracts issued in connection with a pension, annuity, or profit-sharing plan which is qualified under the Internal Revenue Code are exempt from insurance premiums tax. Most of the revenue impact is associated with annuities; insurance companies receive little income related to pensions or profit-sharing plans.							
Purpose	To support pensions, annuities and profit-sharing plans.							
Taxpayer	(\$ in millions):							
savings		FY 2016	5	FY 2017	FY 2018	FY 2019		
	State Taxes	\$82	.800	\$82.800	\$82.800	\$82.800		
	Local Taxes	\$0	.000	\$0.000	\$0.000	\$0.000		
Potential	(\$ in millions)							
revenue gains		FY 2016		FY 2017	FY 2018	FY 2019		
from full repeal	State Taxes		.000	\$75.900	\$82.800	\$82.800		
	Local Taxes	\$0	.000	\$0.000	\$0.000	\$0.000		
Assumptions	 Average annual revenue of \$4.1 billion. Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date. 							
Data Sources	Washington Sta	ate Office of	the Ir	nsurance Commiss	sioner			
Additional	Additional In	formation						
Information	Category:		Tax I	base				
	Year Enacted:		1963					
	Primary Bene			rance companies	with these produc	cts		
	Taxpayer Cou		300					
	Program Inco			e evident				
	JLARC Review		Unal	ble to find on JLAF	RC review schedul	e		

48.14.022 - Health insurance by Washington State Pool

Local Taxes \$0.000 \$0.000 \$0.000 Repeal of exemption Repealing this exemption would increase revenue. However, this could cause insurers to pass the amount of the assessment on to their regular policy holders and thereby make health insurance more expensive for the general population. Potential revenue gains from full repeal (\$ in millions): State Taxes \$0.000 \$0.700 \$0.800 \$0.000 Assumptions - Total assessments will average \$40 million a year. - Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date. Data Sources Washington State Health Insurance Pool Additional Information Category: Business Year Enacted: 1987 Primary Beneficiaries: Persons with coverage under the Health Insurance Coverage Access Act Taxpayer Count: Unknown Program Inconsistency: None evident None evident Data Sources	Description	Carriers that receive premiums and prepayments from plan enrollees for health coverage provided under the Washington State Health Insurance Pool pursuant to Chapter 48.41 RCW are exempt from insurance premiums tax on those amounts. In addition, carriers, health care service contractors and HMOs may deduct assessments paid to the Washington State Health Insurance Pool from their taxable premiums. Any unused portion of the deduction can be carried forward and used in successive years until the deduction is exhausted.					
savings FY 2016 FY 2017 FY 2018 FY 2019 State Taxes \$0.800 \$0.800 \$0.800 \$0.800 Local Taxes \$0.000 \$0.000 \$0.000 \$0.000 Repeal of exemption Repealing this exemption would increase revenue. However, this could cause insurers to pass the amount of the assessment on to their regular policy holders and thereby make health insurance more expensive for the general population. Potential revenue gains from full repeal FY 2016 FY 2017 FY 2018 FY 2019 State Taxes \$0.000 \$0.700 \$0.800 \$0.800 Local Taxes \$0.000 \$0.700 \$0.800 \$0.800 State Taxes \$0.000 \$0.700 \$0.800 \$0.800 Local Taxes \$0.000 \$0.000 \$0.000 \$0.000 Assumptions - Total assessments will average \$40 million a year. - Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date. Data Sources Washington State Health Insurance Pool Additional Additional Information Category: Business Year Enacted: 1987 Primary Beneficiaries: Persons with coverage under the Health Insurance Coverage	Purpose						
State Taxes \$0.800 \$0.800 \$0.800 \$0.800 Local Taxes \$0.000 \$0.000 \$0.000 \$0.000 Repeal of exemption Repealing this exemption would increase revenue. However, this could cause insurers to pass the amount of the assessment on to their regular policy holders and thereby make health insurance more expensive for the general population. Potential revenue gains from full repeal (\$ in millions): State Taxes \$0.000 \$0.700 \$0.800 \$0.800 State Taxes \$0.000 \$0.000 \$0.000 \$0.000 State Taxes \$0.000 \$0.700 \$0.800 \$0.800 Local Taxes \$0.000 \$0.000 \$0.000 \$0.000 Assumptions - Total assessments will average \$40 million a year. - Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date. Data Sources Washington State Health Insurance Pool Additional Additional Additional Information Information Category: Business Persons with coverage under the Health Insurance Coverage Access Act Primary Beneficiaries: Persons with coverage under the Health Insurance Coverage Access Act Taxpayer Count: Unknown	Taxpayer	(\$ in millions):					
Local Taxes \$0.000 \$0.000 \$0.000 \$0.000 Repeal of exemption Repealing this exemption would increase revenue. However, this could cause insurers to pass the amount of the assessment on to their regular policy holders and thereby make health insurance more expensive for the general population. Potential revenue gains from full repeal (\$ in millions): State Taxes \$0.000 \$0.700 \$0.800 \$0.800 Assumptions - Total assessments will average \$40 million a year. - Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date. Data Sources Washington State Health Insurance Pool Additional Information Category: Business Year Enacted: 1987 Primary Beneficiaries: Persons with coverage under the Health Insurance Coverage Access Act Taxpayer Count: Unknown Program Inconsistency: None evident None evident Date State	savings		FY 2016	FY 2017	FY 2018	FY 2019	
Repeal of exemption Repealing this exemption would increase revenue. However, this could cause insurers to pass the amount of the assessment on to their regular policy holders and thereby make health insurance more expensive for the general population. Potential revenue gains from full repeal (\$ in millions): State Taxes \$0.000 \$0.700 \$0.800 \$0.800 Local Taxes \$0.000 \$0.000 \$0.000 \$0.000 Assumptions - Total assessments will average \$40 million a year. - - Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date. Data Sources Washington State Health Insurance Pool Additional Information Category: Business Year Enacted: 1987 Primary Beneficiaries: Persons with coverage under the Health Insurance Coverage Access Act Taxpayer Count: Unknown Program Inconsistency: None evident		State Taxes	\$0.80	0 \$0.800	\$0.800	\$0.800	
exemption insurers to pass the amount of the assessment on to their regular policy holders and thereby make health insurance more expensive for the general population. Potential revenue gains from full repeal (\$ in millions): State Taxes \$0.000 \$0.700 \$0.800 \$0.800 Local Taxes \$0.000 \$0.000 \$0.000 \$0.000 Assumptions - Total assessments will average \$40 million a year. - Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date. Data Sources Washington State Health Insurance Pool Additional Information Category: Business Year Enacted: 1987 Primary Beneficiaries: Persons with coverage under the Health Insurance Coverage Access Act Taxpayer Count: Unknown Program Inconsistency: None evident None evident Primary Beneficiaries:		Local Taxes	\$0.00	0 \$0.000	\$0.000	\$0.000	
from full repeal State Taxes \$0.000 \$0.700 \$0.800 \$0.800 Local Taxes \$0.000 \$0.000 \$0.000 \$0.000 \$0.000 Assumptions - Total assessments will average \$40 million a year. - Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date. Data Sources Washington State Health Insurance Pool - - Additional Information Category: Business - Year Enacted: 1987 - Primary Beneficiaries: Persons with coverage under the Health Insurance Coverage Access Act Taxpayer Count: Unknown - Program Inconsistency: None evident	Potential			ance more expensiv	e for the general	population.	
Assumptions - Total assessments will average \$40 million a year. - Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date. Data Sources Washington State Health Insurance Pool Additional Information Category: Business Year Enacted: Year Enacted: 1987 Primary Beneficiaries: Persons with coverage under the Health Insurance Coverage Access Act Taxpayer Count: Unknown Program Inconsistency: None evident	-		FY 2016	FY 2017	FY 2018	FY 2019	
Assumptions - Total assessments will average \$40 million a year. - Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date. Data Sources Washington State Health Insurance Pool Additional Information Category: Business Year Enacted: Primary Beneficiaries: Persons with coverage under the Health Insurance Coverage Access Act Taxpayer Count: Unknown Program Inconsistency: None evident	from full repeal	State Taxes	\$0.00	\$0.700	\$0.800	\$0.800	
 Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date. Data Sources Washington State Health Insurance Pool Additional Information Category: Business Year Enacted: 1987 Primary Beneficiaries: Persons with coverage under the Health Insurance Coverage Access Act Taxpayer Count: Unknown Program Inconsistency: None evident 		Local Taxes	\$0.00	50.000	\$0.000	\$0.000	
Additional Information Additional Information Category: Business Year Enacted: 1987 Primary Beneficiaries: Persons with coverage under the Health Insurance Coverage Access Act Taxpayer Count: Unknown Program Inconsistency: None evident	Assumptions	- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective					
Information Category: Business Year Enacted: 1987 Primary Beneficiaries: Persons with coverage under the Health Insurance Coverage Access Act Taxpayer Count: Unknown Program Inconsistency: None evident	Data Sources	Washington Sta	te Health Insur	ance Pool			
Year Enacted: 1987 Primary Beneficiaries: Persons with coverage under the Health Insurance Coverage Access Act Taxpayer Count: Unknown Program Inconsistency: None evident	Additional	Additional In	formation				
Year Enacted: 1987 Primary Beneficiaries: Persons with coverage under the Health Insurance Coverage Access Act Taxpayer Count: Unknown Program Inconsistency: None evident	Information	Category:	Bu				
Coverage Access Act Taxpayer Count: Unknown Program Inconsistency: None evident			19	87			
Taxpayer Count: Unknown Program Inconsistency: None evident		Primary Benef		-	e under the Health	Insurance	
Program Inconsistency: None evident		Taxpaver Cour					
		JLARC Review	-		l review in 2012		

48.32.145; 48.32A.125 - Insurance guarantee association

assessments

Description	Property, casualty, life and disability insurers may claim a credit against their insurance premiums tax for assessments made by the Washington Insurance Guarantee Association to pay covered claims of insolvent insurers. Credit may be taken over a five-year period.						
Purpose	To ensure payment of claims against insolvent insurance companies and that the cost is not borne by the policyholders of the surviving companies.						
Taxpayer	(\$ in millions)	:					
savings		FY 2016	5	FY 2017	FY 2018	FY 2019	
	State Taxes	\$0.	.480	\$0.480	\$0.480	\$0.480	
	Local Taxes	\$0.	.000	\$0.000	\$0.000	\$0.000	
Repeal of exemption			vould ir	ncrease revenue.			
Potential	(\$ in millions)			51/ 2017	51/2010	51/2010	
revenue gains from full repeal	Ctata Tawaa	FY 2016		FY 2017	FY 2018	FY 2019	
nomnanrepear	State Taxes Local Taxes		.000	\$0.480 \$0.000	\$0.480 \$0.000	\$0.480 \$0.000	
Assumptions Data Sources	 Assumes average minimum impact of \$480,000 per year. Full impact is unpredictable and unknown. Office of the Insurance Commissioner Joint Legislative Audit and Review Committee 						
Additional	Additional In	formation					
Information	Category:		Business				
	Year Enacted:		1976				
	Tear Lilacteu.	Primary Beneficiaries: Insurance companies					
		ficiaries:	Insura	ince companies			
	Primary Bene Taxpayer Cou	nt:	Insura 1,000				
	Primary Bene	nt:	1,000	· · · · · · · · · · · · · · · · · · ·	mally become invo	olved in	
	Primary Bene Taxpayer Cou	nt: nsistency:	1,000 The st	· · · · · · · · · · · · · · · · · · ·	ivate businesses	olved in	

48.36A.240 - Fraternal benefit societies

Description	Fraternal benefit societies governed by Chapter 48.36A RCW are exempt from all state and local taxation, other than taxes on real estate and office equipment. As a result, fraternal benefit societies are exempt from insurance premiums tax on policies they provide for their members.								
Purpose	To support the programs of fraternal benefit societies.								
Taxpayer	(\$ in millions):								
savings		FY 2016	5	FY 2017	FY 2018	FY 2019			
	State Taxes	\$4	.200	\$4.300	\$4.500	\$4.600			
	Local Taxes	\$0	.000	\$0.000	\$0.000	\$0.000			
exemption Potential	(\$ in millions):								
revenue gains	(<i>ç</i>	FY 2016	5	FY 2017	FY 2018	FY 2019			
from full repeal	State Taxes		.000	\$4.000	\$4.500	\$4.600			
	Local Taxes		.000	\$0.000	\$0.000	\$0.000			
Assumptions	 Tax base (premiums) growth of 3.5 percent a year. Premiums from all lines of insurance taxed. Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date. 								
Data Sources	es Washington State Office of the Insurance Commissioner								
Additional	Additional In	formation							
Information	Category:		Non	profit					
	Year Enacted:		1947	-					
	Primary Benet	ficiaries:	Frate	ernal benefit socie	ties				
	Taxpayer Cou	nt:	22						
	Program Incon	nsistency:	Non	e evident					
	JLARC Review: JLARC completed a full review in 2009								