
HOUSE BILL 2118

State of Washington 64th Legislature 2015 Regular Session

By Representatives Orwall, Cody, Stokesbary, and Pollet

Read first time 02/13/15. Referred to Committee on Finance.

1 AN ACT Relating to providing a business and occupation tax credit
2 to alleviate the additional costs incurred by small businesses that
3 previously provided health insurance through an association health
4 plan and currently provide nongrandfathered small group coverage;
5 adding a new section to chapter 82.04 RCW; creating a new section;
6 providing an effective date; and providing an expiration date.

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

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04
9 RCW to read as follows:

10 (1) Subject to the limitations in this section, a credit is
11 allowed against the tax imposed under this chapter for a person that:

12 (a) Previously purchased an association health plan that is no
13 longer offered in this state; and

14 (b) Currently purchases nongrandfathered small group coverage at
15 a per employee cost that exceeds the per employee cost of the
16 previously purchased association health plan.

17 (2) The amount of tax credit allowed under this section is the
18 lessor of:

19 (a) The difference, per employee, between the cost of the
20 association health plan and the nongrandfathered small group health
21 plan, multiplied by the number of employees covered by the plan; or

1 (b) Five thousand dollars.

2 (3) Credits allowed under this section may be claimed against
3 taxes due; however, no refunds may be granted for any unused
4 credits. Any amount of credit otherwise allowable under this section
5 not claimed may be carried over and claimed against a person's tax
6 liability for the next succeeding calendar year. Any credit remained
7 unused in the next succeeding calendar year may be carried forward
8 and claimed against the person's tax liability for the second
9 succeeding calendar year; and any credit not used in that second
10 succeeding calendar year may be carried forward and claimed against
11 the person's tax liability for the third succeeding calendar year,
12 but may not be carried over for any calendar year thereafter.

13 (4) Credits are available on a first in-time basis. The
14 department must disallow any credits, or portion thereof, that would
15 cause the total amount of credits claimed under this section during
16 any calendar year to exceed three million five hundred thousand
17 dollars. If this limitation is reached, the department must notify
18 all persons eligible to take the credit under this section that the
19 annual statewide limit has been met. In addition, the department must
20 provide written notice to any person who has claimed tax credits in
21 excess of the limitation in this subsection. The notice must indicate
22 the amount of tax due and provide that the tax be paid within thirty
23 days from the date of the notice. The department may not assess
24 penalties and interest as provided in chapter 82.32 RCW on the amount
25 due in the initial notice if the amount due is paid by the due date
26 specified in the notice, or any extension thereof.

27 (5) To claim a credit under this section, a person must
28 electronically file with the department all returns, forms, and any
29 other information required by the department, in an electronic format
30 approved by the department.

31 (6) No application is necessary for the credit. The person must
32 keep records necessary for the department to verify eligibility under
33 this section.

34 (7) For purposes of this section, "association health plan" means
35 a health benefit plan or policy issued to a small group through an
36 association or member-governed group as a large group plan.

37 NEW SECTION. **Sec. 2.** The provisions of RCW 82.32.805 and
38 82.32.808 do not apply to the business and occupation tax credit in
39 section 1 of this act.

1 NEW SECTION. **Sec. 3.** This act takes effect August 1, 2015.

2 NEW SECTION. **Sec. 4.** This act expires December 31, 2019.

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