

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4

A Bill

HOUSE BILL 2676

5 By: Representative Mahony
6
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For An Act To Be Entitled

9 AN ACT TO MODIFY THE INSURANCE PREMIUM TAX; AND
10 FOR OTHER PURPOSES.
11

Subtitle

12 TO MODIFY THE INSURANCE PREMIUM TAX.
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16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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18 SECTION 1. Arkansas Code § 26-57-603(d), regarding tax reports for
19 insurers, is amended to read as follows:

20 (d) Each authorized, unauthorized, or formerly authorized domestic,
21 foreign, and alien insurer shall pay to the State Treasurer through the
22 commissioner, as a tax imposed for the privilege of transacting business in
23 this state, a tax upon the net premiums and net considerations, except as
24 provided in § 26-57-605. The tax shall be computed thereon at a rate of ~~two~~
25 ~~and one-half percent (2 1/2%)~~ three percent (3%). The premiums written shall
26 be reported at such times and in such form and context as prescribed by the
27 commissioner; and the taxes shall be paid on a quarterly estimate basis as
28 prescribed by the commissioner and shall be reconciled annually at the time
29 of filing the annual report required in subsections (a)-(c) of this section.
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31 SECTION 2. Arkansas Code § 26-57-604 is amended to read as follows:
32 26-57-604. Remittance of tax.

33 (a) Coincident with the filing of the tax report, each authorized life
34 or accident and health insurer, including licensed health maintenance
35 organizations, may apply for a credit for the noncommissioned salaries and
36 wages of the insurer's Arkansas employees which are paid in connection with



1 its insurance operations. The credit may be applied as an offset against the
 2 premium tax imposed in § 26-57-603(d) on life and accident and health
 3 insurance.

4 (1) In no event shall the offset reduce the accident and health
 5 premium tax due by more than eighty percent (80%). In no event shall the
 6 offset reduce the life premium tax due by more than seventy percent (70%).
 7 The taxes shall be reported and paid on a quarterly estimated basis as
 8 prescribed by the Insurance Commissioner and shall be reconciled annually at
 9 the time of filing the annual report required in § 26-57-603(a)-(c).

10 (2) Furthermore, an employee must be employed for six (6) months
 11 in the facilities for the salary or wages to be eligible to qualify for the
 12 life or disability premium tax credit.

13 (3)(A) Except as provided in subdivision (a)(3)(B) of this
 14 section, on or before March 1 of each year, any such authorized life or
 15 accident and health insurer, including health maintenance organizations,
 16 desiring to qualify under this provision shall furnish the appropriate data
 17 and request on forms prescribed by the Insurance Commissioner. For purposes
 18 of calculating the taxes under §§ 23-63-102 - 23-63-104, an insurer
 19 qualifying for a credit under this section shall compute the tax due under §§
 20 23-63-102 - 23-63-104, if any, by using an Arkansas premium tax rate of ~~two~~
 21 ~~and one half percent (2 1/2%)~~ three percent (3%).

22 (B) Subdivision (a)(3)(A) of this section shall only apply
 23 for tax years beginning prior to January 1, 2000. On or before March 1 of
 24 2000 and each year thereafter, any such authorized life or disability
 25 insurer, including health maintenance organizations, desiring to qualify this
 26 provision shall furnish the appropriate data and request on forms prescribed
 27 by the Insurance Commissioner. However, for purposes of calculating the taxes
 28 under §§ 23-63-102 - 23-63-104, an insurer qualifying for a credit under this
 29 section shall compute the tax due under §§ 23-63-102 - 23-63-104, if any, by
 30 using an Arkansas premium tax rate of ~~two and one half percent (2 1/2%)~~ three
 31 percent (3%) without regard to the credit specified in this section.

32 (b) Each insurer other than those in § 26-57-603(d) and subsection (a)
 33 of this section shall pay to the Treasurer of State through the Insurance
 34 Commissioner, as a tax imposed for the privilege of transacting business in
 35 this state, a tax at the rate of ~~two and one half percent (2 1/2%)~~ three
 36 percent (3%) upon the net premiums and net considerations on all kinds of

1 insurance, except as provided in § 26-57-605. The taxes shall be paid on a
2 quarterly estimate basis as prescribed by the Insurance Commissioner and
3 shall be reconciled annually at the time of filing the annual report required
4 in § 26-57-603(a)-(c).

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6 SECTION 3. This act shall become effective on the first day of the
7 calendar month following the ninetieth day after the sine die adjournment of
8 this session or the first day of the calendar month following the ninetieth
9 day after a recess or adjournment for a period longer than ninety (90) days.

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