

1 **State of Arkansas**
2 **80th General Assembly**
3 **Regular Session, 1995**
4 **By: Representative D. Wood**

A Bill

ACT 408 OF 1995
HOUSE BILL 1089

For An Act To Be Entitled

8 *"AN ACT TO AMEND ARKANSAS CODE 23-75-119 TO CHANGE THE*
9 *REPORTING AND PAYMENT OF GROSS RECEIPT TAXES OF ONE*
10 *PERCENT (1%) BY NONPROFIT HOSPITAL AND MEDICAL SERVICE*
11 *CORPORATIONS TO A TWO AND ONE-HALF PERCENT (2 1/2%)*
12 *PREMIUM TAX AGAINST NET DIRECT WRITTEN PREMIUMS OF*
13 *HOSPITAL AND MEDICAL SERVICE CORPORATIONS, EXCLUDING*
14 *ADMINISTRATIVE SERVICES ONLY CONTACTS OF SUCH*
15 *CORPORATIONS, TO ENSURE SUCH CORPORATIONS WILL BE TAXED AS*
16 *SIMILARLY SITUATED LIFE AND/OR DISABILITY INSURERS AND*
17 *HEALTH MAINTENANCE ORGANIZATIONS PURSUANT TO ARKANSAS CODE*
18 *26-57-601, AND FOLLOWING; TO ADD A ONE-YEAR STATUTE OF*
19 *LIMITATIONS FOR REQUESTS FOR REFUNDS OF TAX OVERPAYMENTS OF*
20 *HOSPITAL/MEDICAL SERVICE CORPORATIONS; TO ALLOW HOSPITAL*
21 *AND MEDICAL SERVICE CORPORATIONS AN OFFSET OR CREDIT*
22 *AGAINST PREMIUM TAXES FOR ARKANSAS EMPLOYEE SALARIES*
23 *PURSUANT TO ARKANSAS CODE 26-57-604; AND FOR OTHER*
24 *PURPOSES. "*

Subtitle

28 *"TO CHANGE THE 1% GROSS RECEIPTS TAX OF*
29 *NONPROFIT HOSPITAL AND/OR MEDICAL*
30 *SERVICE CORPORATIONS TO THE SAME 2 1/2%*
31 *PREMIUM TAX WHICH SIMILAR LIFE AND/OR*
32 *DISABILITY INSURERS AND HMO'S PAY; AND*
33 *TO ALLOW SUCH CORPORATIONS AN ARKANSAS*
34 *EMPLOYEE SALARY CREDIT OR OFFSET. "*

1 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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3 SECTION 1. Arkansas Code 23-75-119 is amended to read as follows:

4 "§ 23-75-119. Premium tax.

5 (a) The officers of every foreign or alien corporation, and the officers
6 of every domestic corporation, transacting business under this chapter shall,
7 at the time of making its annual statement, file with the commissioner a sworn
8 statement of its net direct premiums written for the year ending December 31
9 next preceding from subscribers residing in this state and shall pay into the
10 State Treasury a premium tax of two and one half percent (2 1/2%) on its net
11 direct written premiums in compliance with the provisions of §§26-57-601, et
12 seq. as a tax for the privilege of transacting business in this state.

13 (b) No certificate of authority shall be renewed for any corporation
14 until the tax is paid.

15 (c) (1) The tax shall be in lieu of other taxes, district or state,
16 county or municipal, based on premiums written by the corporation in this
17 state.

18 (2) No subdivision of this state may impose any license fee for the
19 privilege of conducting business in any portion thereof.

20 (d) Pursuant to and subject to the conditions expressed in the
21 provisions of §26-57-604, the corporation is entitled to take against its
22 premium taxes due an offset or credit for the salaries or wages of non-
23 commissioned Arkansas employees of the corporation.

24 (e) Failure of any licensed corporation to report and/or pay this net
25 direct written premium tax, absent an extension granted by the commissioner
26 for good cause, shall subject the corporation to the applicable penalties of
27 this chapter and §§26-57-601, et seq.

28 (f) Each hospital or medical service corporation shall have one fiscal
29 year following the reporting and payment year of a premium tax obligation to
30 request a refund or credit for any premium tax overpayment amount, after which
31 demands or requests for such monetary overpayment refund or credit against
32 premium tax due shall be disallowed. Any corporation thus failing or
33 neglecting to request the overpayment refund or credit against premium taxes
34 due and payable to this state during the year allowable as specified above
35 shall not be allowed to carry over the overpayment credit for the following

1 year or years and shall not be entitled to an overpayment refund."

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3 SECTION 2. Arkansas Code 23-75-120 is amended to read as follows:

4 "23-75-120. Tax Exemptions.

5 (a) Every corporation doing business pursuant to this chapter is
6 declared to be a nonprofit and benevolent institution.

7 (b) The corporations are exempt from state, county, district,
8 municipal, and school tax, including the taxes prescribed by this code, and
9 excepting only tax on net direct written premiums under § 23-75-119 and §§26-
10 57-601, et seq., and applicable fees prescribed by §23-61-401 and other
11 sections of this code, or the commissioner_s rules and regulations applicable
12 to hospital and medical service corporations, and taxes on real and tangible
13 personal property situated in this state."

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15 SECTION 3. The provisions of this act as to premium taxes shall apply
16 to all premiums which are written in calendar year 1994 upon which premium tax
17 is reported and paid in 1995 upon passage of this act.

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19 SECTION 4. All provisions of this act of a general and permanent nature
20 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
21 Revision Commission shall incorporate the same in the Code.

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23 SECTION 5. If any provision of this act or the application thereof to
24 any person or circumstance is held invalid, such invalidity shall not affect
25 other provisions or applications of the act which can be given effect without
26 the invalid provision or application, and to this end the provisions of this
27 act are declared to be severable.

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29 SECTION 6. All laws and parts of laws in conflict with this act are
30 hereby repealed.

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32 SECTION 7. EMERGENCY. It is hereby found and determined by the General
33 Assembly of the State of Arkansas that the laws of this state as to taxation
34 of hospital and/or medical service corporations are not consistent with
35 taxation laws of similarly situated life and/or disability insurers or health

1 maintenance organizations, and that immediate passage of this act is necessary
2 in order to provide for the protection of the people. Therefore, an emergency
3 is hereby declared to exist and this act being necessary for the immediate
4 preservation of the public peace, health and safety shall be in full force and
5 effect from and after its passage and approval.

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/s/Rep. D. Wood

APPROVED: 2-22-95

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