

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

SENATE BILL

600

By: Senator Dowd

For An Act To Be Entitled

"AN ACT TO PROVIDE ADDITIONAL FUNDS FOR THE MAINTENANCE,
OPERATIONS, PERSONAL AND PROFESSIONAL SERVICES, AND
IMPROVEMENTS OF THE ARKANSAS INSURANCE DEPARTMENT; AND FOR
OTHER PURPOSES."

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

SECTION 1. Arkansas Code 11-9-301 (b) is hereby amended to read as follows:

"(b) Except for funds transferred into the General Revenue Fund Account specified in Arkansas Code 11-9-305 as amended by this act and other sections of this subchapter, no money shall be appropriated from these funds for any purpose except for the use and benefit, or at the direction of, the Workers' Compensation Commission."

SECTION 2. Arkansas Code 11-9-301 (e) is hereby amended to read as follows:

"(e) Except for monies transferred into the General Revenue Fund Account specified in Arkansas Code 11-9-305 as amended by this act and other sections of this subchapter, all monies deposited to the aforementioned funds shall not be subject to any deduction, tax, levy, or any other type of assessment."

SECTION 3. Arkansas Code 11-9-305 is hereby amended to read as follows:

"11-9-305. Payment of tax by public employer.

(a) (1) It shall be the duty of the commission to collect a tax from every public employer providing workers' compensation coverage to its employees at a rate to be determined as provided by 11-9-306 but not to exceed three percent (3%) of the written manual premium which an insurance carrier would have to pay under 11-9-303 if the public employer were insured

by a carrier.

(2) The Insurance Commissioner shall tabulate the tax to be collected from public employers and furnish the tabulated information to the Workers' Compensation Commission, together with four (4) separate payments representing the tax collected from each of the four (4) categories of public employers: the state; the counties; the municipalities; and the school districts. In tabulating the manual premium, a public employer shall use the average compensation rate for this state as promulgated by the National Council on Compensation Insurance for the tax year in question.

(3) The tax collected shall be deposited in and paid to the Workers' Compensation Commission from the Workers' Compensation Revolving Fund and miscellaneous revolving funds.

(b) (1) In the event any public employer fails to cooperate in furnishing information upon which the tax will be computed or fails to pay the tax within thirty (30) days of the date provided in § 11-9-306, the Insurance Commissioner shall notify the commission of the failure, and the commission shall decertify the public employer from participation in the state's workers' compensation program.

(2) In the event of decertification, the public employer shall obtain its employer's workers' compensation liability coverage from the private market and shall not be entitled to participate in the state's workers' compensation program for a period of one (1) year thereafter.

(c) The procedure for decertification shall be the same as for the revocation or termination of the self-insurer privilege.

(d) Upon April 1 of each fiscal year, the Chief Fiscal Officer of the State shall cause to be transferred on his books and the books of the State Treasurer and the Auditor of State from the Miscellaneous Revolving Fund and the Workers' Compensation Revolving Fund the first one and three quarters percent (1.75%) or one hundred thousand dollars (\$100,000.00), whichever is greater, of those monies deposited therein to the General Revenue Fund Account for the maintenance, operation, and support of the State Insurance Department. Said transfers from the Revolving Funds shall be in the same proportions as those certified by the Workers' Compensation Commission to the Insurance Commissioner pursuant to subsections (a) through (c) of Arkansas Code 11-9-306. The Chief Fiscal Officer shall then transfer the balance of monies deposited pursuant to this section from the Miscellaneous Revolving Fund and

the Workers' Compensation Revolving Fund to the Second Injury Trust Fund, the Death and Permanent Total Disability Trust Fund, and the Workers' Compensation Fund in those proportions certified by the Workers' Compensation Commission to the Insurance Commissioner on or before December 31 of the prior year. The transfers shall be in lieu of payment by warrants."

SECTION 4. Arkansas Code 11-9-303 (c) is hereby amended to read as follows:

"(c) This tax shall be collected by the Insurance Commissioner from the carriers at the same time and in the same manner as provided in the premium tax sections of the laws of this state and deposited into the funds created in § 11-9-301. Immediately upon deposit into the funds created in §11-9-301, the Chief Fiscal Officer of this State shall transfer the first one and three-quarters percent (1.75%) or one hundred thousand dollars (\$100,000.00), whichever is greater, of said taxes into the General Revenue Fund Account for the maintenance, operation, and support of the State Insurance Department. Said transfer from the funds created in §11-9-301 shall be in the same proportions that assessments were made as set forth in subsections (a) through (c) of Arkansas Code 11-9-306."

SECTION 5. Arkansas Code 11-9-306 (e) is hereby amended to read as follows:

"(e) (1) The Insurance Commissioner shall notify each insurance carrier of the rate of taxation applicable to each fund for the preceding year, and taxes shall be computed and paid pursuant to the provisions of Arkansas Code 11-9-303 as amended by this Act, on or before April 1 of the following year.

(2) The commission shall notify each self-insured employer subject to the tax as to the rate of taxation applicable to each fund for the preceding year, and taxes shall be computed by the commission and paid to each fund by the self-insurer through payments made directly to the commission on or before April 1 of the following year.

(3) The commission shall also notify each public employer subject to this tax by notifying the Insurance Commissioner of the rate of taxation applicable to each fund for the preceding year, and taxes shall be computed and paid to each respective fund by the public employer through payments made directly to the commission on or before April 1 of the following year."

SECTION 6. The provisions of this Act as to premium taxes shall apply to all premiums which are collected in calendar year 1988 upon which the premium tax is reported and paid in calendar year 1989.

SECTION 7. All provisions of this act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 8. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 9. EMERGENCY. It is hereby found and determined by the General Assembly that current funding of the Arkansas Insurance Department is inadequate; that additional funds are immediately necessary to finance operations of the Insurance Department in its regulation of the complex insurance industry for protection of the consumers of this state; and further that this act will provide additional needed funds to the State Insurance Department. Therefore, an emergency is hereby declared to exist and this act being necessary for the public peace, health and safety shall be in full force and effect from and after the date of its passage and approval.