

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995

A Bill

HOUSE BILL 1089

4 By: Representative D. Wood
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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

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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."*

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

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

5 "§ 23-75-119. Premium tax.

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

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

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

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

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

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

30 (f) Each hospital or medical service corporation shall have one fiscal
31 year following the reporting and payment year of a premium tax obligation to
32 request a refund or credit for any premium tax overpayment amount, after
33 which demands or requests for such monetary overpayment refund or credit
34 against premium tax due shall be disallowed. Any corporation thus failing or
35 neglecting to request the overpayment refund or credit against premium taxes

1 *due and payable to this state during the year allowable as specified above*
2 *shall not be allowed to carry over the overpayment credit for the following*
3 *year or years and shall not be entitled to an overpayment refund."*

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

6 *"23-75-120. Tax Exemptions.*

7 *(a) Every corporation doing business pursuant to this chapter is*
8 *declared to be a nonprofit and benevolent institution.*

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

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

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

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

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31 *SECTION 6. All laws and parts of laws in conflict with this act are*
32 *hereby repealed.*

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34 *SECTION 7. EMERGENCY. It is hereby found and determined by the*
35 *General Assembly of the State of Arkansas that the laws of this state as to*

1 *taxation of hospital and/or medical service corporations are not consistent*
2 *with taxation laws of similarly situated life and/or disability insurers or*
3 *health maintenance organizations, and that immediate passage of this act is*
4 *necessary in order to provide for the protection of the people. Therefore,*
5 *an emergency is hereby declared to exist and this act being necessary for the*
6 *immediate preservation of the public peace, health and safety shall be in*
7 *full force and effect from and after its passage and approval.*

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/s/Rep. D. Wood

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