

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997

As Engrossed: S2/27/97 H3/20/97

A Bill

SENATE BILL 505

4
5 By: Senator Hopkins
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7

For An Act To Be Entitled

8
9 "AN ACT TO AMEND ARKANSAS CODE 24-11-809. CONCERNING THE
10 INSURANCE PREMIUM TAX; AND FOR OTHER PURPOSES."
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Subtitle

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13 "AN ACT CONCERNING THE INSURANCE PREMIUM
14 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 24-11-809 (c) is amended to read as follows:

19 ~~§~~(c)(1)(A) The Insurance Commissioner is directed, and it shall be his
20 duty, to embody in his annual statement the names of all cities, towns, and
21 fire protection districts entitled to receive the tax paid by the insurance
22 companies.

23 (B) He shall require the companies to report at the time of
24 making his annual statements the amount of premiums received and the amount of
25 taxes paid by the companies during the year ending December 31, upon real and
26 personal property insured against the perils recited, in each and all of the
27 several cities, towns, and fire protection districts named in his report.

28 (2) Thereafter, and *by June 30* in each calendar year, the
29 Insurance Commissioner shall certify to the Auditor of State the names of the
30 towns, cities, and fire protection districts having organized fire departments
31 which qualify for participation in the taxes distributed for firemen's relief
32 and pension funds, and the amount of taxes paid in the preceding year by the
33 companies described in this section upon the premiums described in this
34 *section*.

35 (A)(i) If an aggrieved fire department or fire district determines that
36 a gross inaccuracy exists in the reporting of taxes attributable to adjoining

1 cities, towns, or fire protection districts, the aggrieved fire department or
2 fire district may file with the Insurance Commissioner a hearing request, and
3 forward it to the Insurance Commissioner. The hearing request shall state
4 sufficient facts to support a reasonable likelihood that sufficient evidence
5 will be presented at the requested hearing to establish that a gross
6 inaccuracy exists. The Commissioner may then direct and require the insurers
7 writing premiums in and surrounding the fire district to report their premium
8 data for the turnback year(s) in question to the Commissioner. In order to
9 support its charges of any inaccuracy or discrepancy, the aggrieved fire
10 department or district which contends that there is a gross inaccuracy in the
11 reporting of such taxes shall compile evidence to justify its complaint in
12 support of a hearing request presented to the Commissioner, and present the
13 evidence in a hearing with the Insurance Commissioner. The Commissioner shall
14 hold a hearing under procedures in Arkansas Code 23-61-301, et seq., to
15 determine if a gross inaccuracy exists. Upon the review and determination of
16 the Insurance Commissioner that a gross inaccuracy is substantiated by the
17 evidence presented in a hearing by the aggrieved department or district, the
18 Insurance Commissioner shall recertify to the Auditor of State the names of
19 the towns, cities, and fire protection districts having organized fire
20 departments which qualify for participation in the taxes distributed for
21 firemens relief and pension funds, and recertify the amount of taxes paid in
22 the preceding year by the companies upon the premiums described, or as
23 necessary for a transfer of funds from the General Revenue Fund to the
24 appropriate Fire Pension Fund, as necessary to correct the fiscal year or
25 turnback year problem. The Insurance Commissioner shall have the authority to
26 modify his certification to the Auditor of State as to the amount of taxes or
27 General Revenue Fund transfer monies to be returned, or returned as between
28 the aggrieved fire department or district and the fire department or district
29 which received an excess amount of turnback tax the previous year or years so
30 as to remedy the inequity between the two fire departments or fire districts.
31 The modification or certification of the amount of turnback tax shall apply
32 to the subsequent year or years turnback tax to the extent necessary as
33 determined by the Commissioner to remedy the inequity, or to certify that the
34 transfer of funds in the correct amount are to be made from the General
35 Revenue Fund as necessary. The Insurance Commissioner shall only have the
36 responsibility to modify his certification if the fire department or fire

1 district which received the excess turnback funds is still qualified to
2 receive tax and is owed a turnback tax in the subsequent year or years for
3 which the Commissioner determines a recertification is necessary.

4 (ii) For purposes of this subsection, gross inaccuracy shall
5 include errors in Pension Review Board certification of eligible fire pension
6 fund locations to the Insurance Commissioner, or errors in tax distribution by
7 the Insurance Department, and/or insurance licensee errors in reporting of
8 addresses and locations of insured property, or similar compilation errors
9 resulting in inaccuracy in reporting of written premiums in or tax
10 distribution to a city, town, or fire protection district. Gross inaccuracy
11 shall not include errors which do not equal or exceed five hundred dollars
12 (\$500) in tax turnback funds to be distributed to such city, town, or fire
13 protection district in any given fiscal year.

14 (B) Whenever the Commissioner has determined after a hearing that a
15 gross inaccuracy exists and an adjustment of premium tax turnback monies is
16 warranted for future turnback years, he shall issue his order to the insurers
17 to remedy such inaccuracy pursuant to his authority under Arkansas Code 23-61-
18 306 et seq.

19 (3)(A) All taxes that are levied on insurers, but are not
20 allocated to cities, towns, and fire protection districts qualified to
21 participate in the distribution of the taxes, may be allocated to the Arkansas
22 Fire and Police Pension Guarantee Fund.

23 (B) Funds may be distributed by the Chief Fiscal Officer of
24 the State upon the recommendation of the Arkansas Fire and Police Pension
25 Review Board.

26 (4) The payment for the administrative and actuarial expenses of
27 the Arkansas Fire and Police Pension Review Board shall be made prior to the
28 disbursements to the eligible political subdivisions.✕

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30 SECTION 2. All provisions of this act of a general and permanent nature
31 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
32 Revision Commission shall incorporate the same in the Code.

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34 SECTION 3. If any provision of this act or the application thereof to
35 any person or circumstance is held invalid, such invalidity shall not affect
36 other provisions or applications of the act which can be given effect without

1 the invalid provision or application, and to this end the provisions of this
2 act are declared to be severable.

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4 SECTION 4. All laws and parts of laws in conflict with this act are
5 hereby repealed.

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7 /s/Hopkins

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