

1 State of Arkansas  
2 82nd General Assembly  
3 Regular Session, 1999

# A Bill

SENATE BILL 956

4  
5 By: Senator K. Smith  
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## For An Act To Be Entitled

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9 "AN ACT TO AMEND ARKANSAS CODE 26-57-604 TO PROVIDE  
10 FOR A CREDIT FOR WAGES AND SALARIES PAID TO ARKANSAS  
11 EMPLOYEES BY PROPERTY AND CASUALTY INSURERS DOING  
12 BUSINESS IN ARKANSAS AND TO APPLY THE CREDIT AS AN  
13 OFFSET AGAINST THE ARKANSAS PREMIUM TAX; AND FOR OTHER  
14 PURPOSES. "

## Subtitle

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17 "TO PROVIDE FOR A CREDIT FOR WAGES AND  
18 SALARIES PAID TO ARKANSAS EMPLOYEES BY  
19 PROPERTY AND CASUALTY INSURERS DOING  
20 BUSINESS IN ARKANSAS AND TO APPLY THE  
21 CREDIT AS AN OFFSET AGAINST THE ARKANSAS  
22 PREMIUM TAX. "

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

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27 SECTION 1. Arkansas Code 26-57-604 is amended to read as follows:  
28 "26-57-604. Remittance of tax.

29 (a) Coincident with the filing of the tax report, each authorized life  
30 or disability insurer, including licensed health maintenance organizations,  
31 may apply for a credit for the noncommissioned salaries and wages of the  
32 insurer's Arkansas employees which are paid in connection with its insurance  
33 operations. The credit may be applied as an offset against the premium tax  
34 imposed in § 26-57-603(d) on life and disability insurance.

35 (1) In no event shall the offset reduce the disability premium  
36 tax due by more than eighty percent (80%). In no event shall the offset reduce

1 the life premium tax due by more than seventy percent (70%). The taxes shall  
2 be reported and paid on a quarterly estimated basis as prescribed by the  
3 commissioner and shall be reconciled annually at the time of filing the annual  
4 report required in § 26-57-603(a)-(c).

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

8 (3) On or before March 1 of each year, any such authorized life  
9 or disability insurer, including health maintenance organizations, desiring to  
10 qualify under this provision shall furnish the appropriate data and request on  
11 forms prescribed by the commissioner. For purposes of calculating the taxes  
12 under §§ 23-63-101 - 23-63-104, an insurer qualifying for a credit under this  
13 section shall compute the tax due under §§ 23-63-101 - 23-63-104, if any, by  
14 using an Arkansas premium tax rate of two and one-half percent (2 1/2%).

15 (b) Coincident with the filing of the tax report, each authorized  
16 property or casualty insurer having assets not in excess of twenty-five  
17 million dollars (\$25,000,000) may apply for a credit for the salaries and  
18 wages of the insurer's Arkansas employees, who are not sales representatives,  
19 producers or agents, whether commissioned or salaried, which are paid in  
20 connection with its insurance operations. The credit may be applied as an  
21 offset against the premium tax imposed in Arkansas Code 26-57-603(d) on  
22 property and casualty insurance.

23 (1) In no event shall an authorized property or casualty insurer  
24 domiciled in a state other than Arkansas be entitled to such credit if the  
25 state in which the authorized property or casualty insurer is domiciled does  
26 not grant a reciprocal credit to authorized property and casualty insurers  
27 domiciled in Arkansas.

28 (2) In no event shall the offset reduce the property or casualty  
29 premium tax due by more than eighty percent (80%); provided, in no event shall  
30 the total amount of the reduction exceed the sum of two hundred and fifty  
31 thousand dollars (\$250,000) in any calendar year. The taxes shall be reported  
32 annually at the time of filing the annual report required in Arkansas Code 26-  
33 57-603(a)-(c).

34 (3) Further, an employee must be employed for at least six (6)  
35 months in the facilities for the salary or wages to be eligible to qualify for  
36 the property and casualty insurance premium tax credit.

1           (4) On or before March 1 of each year, any authorized property or  
 2 casualty insurer desiring to qualify under this provision shall furnish the  
 3 appropriate data and request on forms prescribed by the Commissioner. For  
 4 purposes of calculating the taxes under Arkansas Code 23-63-101 through 23-63-  
 5 104, an insurer qualifying for a credit under this section shall compute the  
 6 tax due under Arkansas Code 23-63-101 through 23-63-104, if any, by using an  
 7 Arkansas premium tax rate of two and one-half percent (2 1/2%).

8           ~~(b)(c)~~ Each insurer other than those in § 26-57-603(d) and subsection  
 9 (a) of this section shall pay to the State Treasurer through the Insurance  
 10 Commissioner, as a tax imposed for the privilege of transacting business in  
 11 this state, a tax at the rate of two and one-half percent (2 1/2%) upon the  
 12 net premiums and net considerations on all kinds of insurance, except as  
 13 provided in § 26-57-605. The taxes shall be paid on a quarterly estimate basis  
 14 as prescribed by the commissioner and shall be reconciled annually at the time  
 15 of filing the annual report required in § 26-57-603(a)-(c)."

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 17           SECTION 2. The provisions of this Act as to premium taxes shall apply  
 18 to all premiums which are collected in calendar year 1999.

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 20           SECTION 3. All provisions of this act of a general and permanent nature  
 21 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
 22 Revision Commission shall incorporate the same in the Code.

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 24           SECTION 4. If any provision of this act or the application thereof to  
 25 any person or circumstance is held invalid, such invalidity shall not affect  
 26 other provisions or applications of the act which can be given effect without  
 27 the invalid provision or application, and to this end the provisions of this  
 28 act are declared to be severable.

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

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