

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
91st General Assembly
Regular Session, 2017

A Bill

HOUSE BILL 2009

By: Representative Sturch

For An Act To Be Entitled

AN ACT CONCERNING THE REMITTANCE OF INSURANCE PREMIUM TAXES; AND FOR OTHER PURPOSES.

Subtitle

CONCERNING THE REMITTANCE OF INSURANCE PREMIUM TAXES.

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

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

(a)(1)(A) Coincident with the filing of the tax report, each authorized life insurer, ~~or~~ accident and health insurer, including a licensed health maintenance ~~organizations~~ organization, property insurer, or casualty insurer may apply for a credit for the noncommissioned salaries and wages of the insurer's Arkansas employees that are paid in connection with its insurance operations.

(B)(i) The credit may be applied as an offset against the premium tax imposed in § 26-57-603(d) on life insurance, ~~and~~ accident and health insurance, property insurance, and casualty insurance.

(ii) However, the credit shall not be applied as an offset against the premium tax on collections resulting from an eligible individual insured under the Health Care Independence Act of 2013, § 20-77-2401 et seq., the Arkansas Works Act of 2016, § 23-61-1001 et seq., the Arkansas Health Insurance Marketplace Act, § 23-61-801 et seq., or individual qualified health insurance plans, including without limitation stand-alone dental plans, issued through the health insurance marketplace as defined by §



23-61-1003.

(2)(A) In no event shall the offset reduce the accident and health insurance premium tax due by more than the lessor of:

(i) Two million five hundred thousand dollars (\$2,500,000); or

(ii) eighty Eighty percent (80%) of the accident and health premium tax due.

(B) In no event shall the offset reduce the life insurance, property insurance, or casualty insurance premium tax due by more than the lessor of:

(i) Two million five hundred thousand dollars (\$2,500,000); or

(ii) seventy Seventy percent (70%) of the life insurance, property insurance, or casualty insurance premium tax due.

(C) The taxes shall be reported and paid on a quarterly estimated basis as prescribed by the Insurance Commissioner and shall be reconciled annually at the time of filing the annual report required in § 26-57-603(a)-(c).

(3) An employee shall be employed for six (6) months for the employee's salary or wages to be eligible to qualify for the life insurance, ~~or~~ accident and health insurance, property insurance, or casualty insurance premium tax credit.

(4)(A)(i) Except as provided in subdivision (a)(4)(B) of this section, on or before March 1 of each year, any ~~such~~ authorized life insurer, ~~or~~ accident and health insurer, including a health maintenance ~~organizations~~ organization, property insurer, or casualty insurer desiring to qualify under this ~~provision~~ section shall furnish the appropriate data and request on forms prescribed by the commissioner.

(ii) For purposes of calculating the taxes under §§ 23-63-102 – 23-63-104, an insurer qualifying for a credit under this section shall compute the tax due under §§ 23-63-102 – 23-63-104, if any, by using an Arkansas premium tax rate of two and one-half percent (2½%).

(B)(i) Subdivision (a)(4)(A) of this section shall only apply for tax years beginning prior to January 1, 2000.

(ii) By March 1 of each year, an authorized life insurer, ~~or~~ accident and health insurer, including a health maintenance

~~organizations~~ organization, property insurer, or casualty insurer desiring to qualify under this ~~provision~~ section shall furnish the appropriate data and request on forms prescribed by the commissioner.

(iii) However, for purposes of calculating the taxes under §§ 23-63-102 – 23-63-104, an insurer qualifying for a credit under this section shall compute the tax due under §§ 23-63-102 – 23-63-104, if any, by using an Arkansas premium tax rate of two and one-half percent (2½%) without regard to the credit specified in this section.

(b)(1) Each insurer other than those in § 26-57-603(d) and subsection (a) of this section shall pay to the Treasurer of State through the commissioner, as a tax imposed for the privilege of transacting business in this state, a tax at the rate of two and one-half percent (2½%) upon the net premiums and net considerations on all kinds of insurance, except as provided in § 26-57-605.

(2) The taxes shall be paid on a quarterly estimate basis as prescribed by the commissioner and shall be reconciled annually at the time of filing the annual report required in § 26-57-603(a)-(c).

(c)(1) In addition to any premium tax credit not related to the same eligible property for which an insurer qualifies under subsection (a) of this section, there is allowed a premium tax credit for the amount of the Arkansas historic rehabilitation income tax credit allowed by the certification of completion issued by the Department of Arkansas Heritage under the Arkansas Historic Rehabilitation Income Tax Credit Act, § 26-51-2201 et seq.

(2) The premium tax credit under this subsection may be used to offset the premium tax imposed by §§ 26-57-603 – 26-57-605.

(3) The amount of the premium tax credit under this section that may be claimed by the taxpayer in a tax year shall not exceed the amount of premium tax due by the taxpayer.

(4) Any unused premium tax credit may be carried forward for a maximum of five (5) consecutive taxable years for credit against the premium tax.

(5) The commissioner shall promulgate rules to implement this section.