

CS FOR HOUSE BILL NO. 490(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 5/2/98

Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to insurance premium taxes; and providing for an effective
2 date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 21.09.210(b) is amended to read:

5 (b) Each insurer, and each formerly authorized insurer with respect to
6 premiums received while an authorized insurer in this state, shall pay a tax on the total
7 direct premium income received during the year ending on the preceding December
8 31 and paid for the insurance of property or risks resident or located in the state, other
9 than wet marine and transportation insurance, after deducting from the total direct
10 premium income the applicable cancellations, returned premiums, the unabsorbed
11 portion of any deposit premium, all policy dividends, unabsorbed premiums refunded
12 to policyholders, refunds, savings, savings coupons, and other similar returns paid or
13 credited to policyholders with respect to their policies. **Deductions** [NO
14 DEDUCTIONS] may **not** be made of cash surrender value of policies. Considerations

1 received on annuity contracts are not included in the direct premium income and are
 2 not subject to tax. The tax shall be paid to the director at least annually but not more
 3 often than once each quarter on the dates specified by the director. The method of
 4 payment must be by the electronic or other payment method specified by the director.

5 **Except as provided under (n) of this section, the** [THE] tax is computed at the rate
 6 of

7 (1) for domestic and foreign insurers, except hospital and medical
 8 service corporations, 2.7 percent;

9 (2) for hospital and medical service corporations, six percent of their
 10 gross premiums less claims paid.

11 * **Sec. 2.** AS 21.09.210(i) is amended to read:

12 (i) Premiums paid by the state **or a political subdivision of the state,**
 13 **premiums paid by employers who participate in the Public Employees' Retirement**
 14 **System of Alaska or in the Teacher's Retirement System of Alaska,** [FOR
 15 INSURANCE POLICIES] and **premiums paid under** contracts purchased under the
 16 provisions of AS 39.30 are exempt from taxation under this **chapter** [SECTION]. An
 17 insurer may not include the tax imposed under this section in a premium charged on
 18 an insurance policy or contract purchased by the state under the provisions of
 19 AS 39.30. An insurer may claim the exemption on forms provided by the division of
 20 insurance.

21 * **Sec. 3.** AS 21.09.210 is amended by adding a new subsection to read:

22 (n) The tax imposed under this section shall be computed at the rate of

23 (1) one-tenth of a percent for a policy of life insurance with a policy
 24 year premium that equals or exceeds \$100,000; and

25 (2) 2.7 percent for a policy of life insurance with a policy year
 26 premium below \$100,000.

27 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).