

Offered: 4/24/87  
Referred: Judiciary and  
Finance

5-0948B

Original sponsors: Ulmer, Goll,  
Navarre, et al.

1 IN THE HOUSE BY THE LABOR AND COMMERCE COMMITTEE  
2 CS FOR HOUSE BILL NO. 230 (L&C)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL

6 For an Act entitled: "An Act relating to the premium tax on certain insur-  
7 ers."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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

10 (b) Each insurer, and each formerly authorized insurer with  
11 respect to premiums received while an authorized insurer in this  
12 state, shall pay tax on the total direct premium income received  
13 during the year ending on the preceding December 31 and paid for the  
14 insurance of property or risks resident or located in the state other  
15 than wet marine and transportation insurance, after deducting from the  
16 total direct premium income the applicable cancellations, returned  
17 premiums, the unabsorbed portion of any deposit premium, all policy  
18 dividends, unabsorbed premiums refunded to policyholders, refunds,  
19 savings, savings coupons and other similar returns paid or credited to  
20 policyholders with respect to their policies. No deductions may be  
21 made of cash surrender value of policies. Considerations received on  
22 annuity contracts are not included in the direct premium income and  
23 are not subject to tax. The tax shall be paid to the director annual-  
24 ly before April 1, and [, EXCEPT AS PROVIDED IN AS 21.69.390(c),] is  
25 computed at the rate of

26 (1) for domestic and foreign insurers, except hospital and  
27 medical service corporations, three [2.7] percent;

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

1 \* Sec. 2. AS 21.09.210(c) is amended to read:

2 (c) A domestic company organized before January 1, 1987, is  
3 exempt from taxation under this section for a period of five years  
4 from the date of its organization.

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

6 (j) The tax paid to the director under (b) of this section shall  
7 be deposited in the general fund. The Department of Administration  
8 shall separately account for 10 percent of the tax collected under (b)  
9 of this section and deposited in the general fund. The annual esti-  
10 mated balance in the account may be used by the legislature to fund  
11 the State Fire Commission (AS 44.41) and other fire prevention and  
12 training services.

13 \* Sec. 4. AS 21.66.110 is repealed and reenacted to read:

14 Sec. 21.66.110. TITLE INSURANCE PREMIUM TAX. Each title insur-  
15 ance company shall pay a tax on premiums received as provided under  
16 AS 21.09.210(b).

17 \* Sec. 5. AS 21.09.210(h) and AS 21.69.390(c) are repealed.

18 \* Sec. 6. This Act applies to the tax due by April 1, 1988, on direct  
19 premium income received after June 30, 1987, and to the tax due for subse-  
20 quent years.