

Introduced: 3/31/87
Referred: Labor & Commerce
& Finance

5-0970A

1 IN THE SENATE

BY DUNCAN

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SENATE BILL NO. 224

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FIFTEENTH LEGISLATURE - FIRST SESSION

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A BILL

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

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ers."

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

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

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(b) Each insurer, and each formerly authorized insurer with

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respect to premiums received while an authorized insurer in this

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state, shall pay tax on the total direct premium income received

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during the year ending on the preceding December 31 and paid for the

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insurance of property or risks resident or located in the state other

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than wet marine and transportation insurance, after deducting from the

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total direct premium income the applicable cancellations, returned

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premiums, the unabsorbed portion of any deposit premium, all policy

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dividends, unabsorbed premiums refunded to policyholders, refunds,

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savings, savings coupons and other similar returns paid or credited to

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policyholders with respect to their policies. No deductions may be

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made of cash surrender value of policies. Considerations received on

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annuity contracts are not included in the direct premium income and

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are not subject to tax. The tax shall be paid to the director annual-

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ly before April 1, and, except as provided in AS 21.69.390(c), is

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computed at the rate of

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(1) for domestic and foreign insurers, except hospital and

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medical service corporations, three [2.7] percent;

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(2) for hospital and medical service corporations, six

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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 July 1, 1987, is exempt
3 from taxation under this section for a period of five years from the
4 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
9 (b)(1) of this section and deposited in the general fund. The annual
10 estimated balance in the account may be used by the legislature to
11 fund the State Fire Commission (AS 44.41) and other fire prevention
12 services.

13 * Sec. 4. This Act applies to the tax due by April 1, 1988, for the tax
14 year beginning January 1, 1987, and to the tax due for subsequent years.