

HB

230

(11)

# HOUSE COMMITTEE REPORT

Date referred: 4/28/87

FURTHER REFERRALS:

(waived from Judiciary 4/28)

DATE: 5/7/87

The Finance Committee has considered HB 230

"An Act relating to the premium tax on certain insurers."

**RECOMMENDS:**

- replace with CS HB 230 (Fin.)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING TO PASS:**

**SIGNING OTHER RECOMMENDATIONS:**

CARSON [Signature]

GOLB [Signature]

SWACK-  
HAMMER [Signature]

BOYER [Signature]

RIEGER [Signature]

WALLS [Signature]

POURCHOT [Signature] no rec

FRANK [Signature] no rec.

[Signature] Vice-Chair  
Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_

Bill Version CS HB 230 (Fin)  
Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: Relating to the premium tax on certain insurers.

Agency Affected: Commerce & Econ. Dev.  
BRU: Insurance

Sponsor: Ulmer  
Requestor: \_\_\_\_\_

Components: Public Protection

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	1,448.6	2,897.2	2,900.0	2,900.0	2,900.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The insurance premium tax rate changes from 2.7% to 3.0% with this bill. Title insurance changes from 1% to 3%. Due to condition of economy and the expectation that premiums are starting to stabilize, we project an even level of added revenue resulting from this proposal.

Prepared by: John I. George, Director  
Division: Division of Insurance

Phone: 465-2515  
Date: April 24, 1987

Approved by Commissioner John J. Anthony Smith, Commissioner  
Agency: Commerce and Economic Development

Date: April 24, 1987

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

0481K42487a

**RECEIVED**  
APR 27 1987

page 1 of 1

LEGISLATIVE FINANCE

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

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 230 (Finance)

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 is amended by adding a new subsection to read:

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

9 \* Sec. 3. AS 21.66.110 is repealed and reenacted to read:

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

13 \* Sec. 4. AS 21.09.210(c), 21.09.210(h) and AS 21.69.390(c) are re-  
14 pealed.

15 \* Sec. 5. This Act applies to the tax due by April 1, 1988, on direct  
16 premium income received after June 30, 1987, and to the tax due for subse-  
17 quent years.

HOUSE FINANCE COMMITTEE

MEETING OF: 5/7/87

SUBJECT: ~~R.O. CS HB 154 (SA)~~

Goll: CS HB 230 (LEC)  
del. Sec. 2

MEMBER	YES	NO
ADAMS		
BOYER	X	
BROWN		
DAVIS		
FRANK		
GOLL	X	
LARSON		X
<u>POURCHOT</u>		X
RIEGER	X	
SWACKHAMMER	X	
WALLIS	X	

FAILED: \_\_\_\_\_

PASS: \_\_\_\_\_



GASTINEAU CHAPTER

ALASKA STATE FIREFIGHTERS ASSOCIATION

P.O. BOX 187

JUNEAU, ALASKA 99802

April 16, 1987

Representative Fran Ulmer  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Representative Ulmer:

The House of Representatives will be reviewing HB230. This Bill is intended to assist in the funding of the State Fire Marshal's Office. I don't know if you can understand the importance of this office to the firefighters of this state.

This Bill will help insure continued training of firefighters, both paid and volunteer in the areas of fire prevention, building inspection, public fire education, Fire Service Training, and investigation of fires across the state to better evaluate causes and to work to eliminate those we can.

Alaska has the highest fire deaths per capita in the United States. As a volunteer firefighter, I need your support of this Bill to stop fires from taking our families, friends, and property.

It would be disastrous to the citizens of this state should this office be under funded.

I urge you to vote for HB230. Thank you for your support of the Alaska State Firefighters.

Sincerely,

GASTINEAU CHAPTER  
ALASKA STATE FIREFIGHTERS' ASSOC.

Mike Tagaban  
President

MT:djo

Insurance Premium Tax Rates by State

State	P&C Tax	Net Marine Tax	Fire Marshall	Other Fire	Total Tax
AL	4.00 GP	4.00 GP	None	None	4.00 GP
AK	2.70 GP	0.75 Pr	None	None	2.70 GP
AZ	1.70 GP	1.70 GP	0.20 †	None	1.90 GP
AR	2.50 GP	0.75 Pr	None	None	2.50 GP
CA	2.35 GP	5.00 Pr(3)	None	None	2.35 GP
CO	2.25 GP	2.25 GP	None	None	2.25 GP
CT	2.00 GP	5.00 Pr(3)	None	None	2.00 GP
DE	1.75 GP	5.00 Pr(3)	None	None	1.75 GP
DC	2.00 GP	2.00 GP	None	None	2.00 GP
FL	2.00 GP	0.75 Pr	0.63 †	None	2.63 GP
GA	2.25 GP	2.25 GP	None	2.50 †	4.75 GP
HI	4.28 GP	0.88 Pr	None	None	4.28 GP
ID	3.00 GP	3.00 GP	None	None	3.00 GP
IL	2.00 GP	2.00 GP	1.00 †	2.00 †	5.00 GP
IN	2.00 GP	2.00 GP	0.50 incl	None	2.00 GP
IA	2.00 GP	6.50 Pr(3)	None	None	2.00 GP
KS	2.00 GP	2.00 GP	1.25 †	2.00 †	5.25 GP
KY	2.00 GP	2.00 GP	0.75 †	None	2.75 GP
LA	1.85 GP	1.85 GP	1.25 †	2.25 †	5.35 GP
ME	2.00 GP	2.00 GP	0.75 †	None	2.75 GP
MD	2.00 GP	2.00 GP	None	None	2.00 GP
MA	2.28 GP	5.70 Pr(3)	None	None	2.28 GP
MI	2.35 GP	2.35 GP	None	None	2.35 GP
MN	2.00 GP	5.00 Pr(3)	2.00 †	2.00 †	6.00 GP
MS	3.00 GP	3.00 GP	0.50 †	None	3.50 GP
MO	2.00 GP	2.00 GP	None	None	2.00 GP
MT	2.75 GP	2.75 GP	0.75 †	1.25 †	4.75 GP
NE	1.00 GP	1.00 GP	0.75 †	None	1.75 GP
NV	3.00 GP	3.00 GP	None	None	3.00 GP
NH	2.00 GP	5.00 Pr	None	None	2.00 GP
NJ	2.00 GP	5.00 Pr(3)	None	None	2.00 GP
NM	3.00 GP	3.00 GP	None	None	3.00 GP
NY	2.60 GP	2.60 GP	1.25 †	None	3.85 GP
NC	2.50 GP	2.50 GP	1.00 †	0.50 †	4.00 GP
ND	2.50 GP	2.50 GP	None	None	2.50 GP
OH	2.50 GP	2.50 GP	0.75 †	None	3.25 GP
OK	4.00 GP	4.00 GP	0.31 †	None	4.31 GP
OR	2.25 GP	5.00 Pr(3)	1.00 †	None	3.25 GP
PA	2.00 GP	5.00 Pr	None	None	2.00 GP
RI	2.00 GP	5.00 Pr(3)	None	None	2.00 GP
SC	2.00 GP	2.00 GP	None	1.10 †	3.10 GP
SD	2.50 GP	2.50 GP	0.50 †	None	3.00 GP
TN	2.50 GP	2.50 GP	0.75 †	None	3.25 GP
TX	3.50 GP	3.50 GP	1.25 †	None	4.75 GP
UT	2.25 GP	5.00 Pr	None	None	2.25 GP
VT	2.00 GP	2.00 GP	None	None	2.00 GP
VA	2.75 GP	2.75 GP	None	None	2.75 GP
WA	2.00 GP	0.95 Pr	None	None	2.00 GP
WV	4.00 GP	4.00 GP	0.50 †	None	4.50 GP
WI	2.38 GP	0.50 GP	None	2.00 †	4.38 GP
WY	2.50 GP	0.75 Pr	None	None	2.50 GP

Tax Rates by State

State	P&C Tax	Wet Marine Tax	Fire Marshall	Notes
AL	4.00	4.00 GP	None	
AK	2.70	0.75 Pr	None	
AZ	1.70	1.70 GP	0.20 †	
AR	2.50	0.75 Pr	None	
CA	2.35	5.00 Pr(3)	None	
CO	2.25	2.25 GP	None	
CT	2.00	5.00 Pr(3)		???????
DE	1.75	5.00 Pr(3)	None	
DC	2.00	2.00 GP	None	
FL	2.00	0.75 Pr	0.63 †	
GA	2.25	2.25 GP	None	† max of 2.50 by county
HI	4.28	0.88 Pr	None	
ID	3.00	3.00 GP	None	
IL	2.00	2.00 GP	1.00 †	† 2.00 for Fire Dept
IN	2.00	2.00 GP	0.50 incl	
IA	2.00	6.50 Pr(3)	None	
KS	2.00	2.00 GP	1.25 †	† 2.00 Firefighters Relief
KY	2.00	2.00 GP	0.75 †	
LA	1.85	1.85 GP	1.25 †	† 2.25 Fire Dept & Training
ME	2.00	2.00 GP	0.75 †	
MD	2.00	2.00 GP	None	
MA	2.28	5.70 Pr(3)	None	
MI	2.35	2.35 GP	None	
MN	2.00	5.00 Pr(3)	2.00 †	† 2.00 Firemens Relief Fund
MS	3.00	3.00 GP	0.50 †	
MO	2.00	2.00 GP	None	
MT	2.75	2.75 GP	0.75 †	† 1.25 Firemens Pension
NE	1.00	1.00 GP	0.75 †	
NV	3.00	3.00 GP	None	
NH	2.00	5.00 Pr	None	
NJ	2.00	5.00 Pr(3)	None	
NM	3.00	3.00 GP	None	
NY	2.60	2.60 GP	1.25 †	
NC	2.50	2.50 GP	1.00 †	† 0.50 Firemens Relief Fund
ND	2.50	2.50 GP	None	
OH	2.50	2.50 GP	0.75 †	
OK	4.00	4.00 GP	0.31 †	
OR	2.25	5.00 Pr(3)	1.00 †	
PA	2.00	5.00 Pr	None	
RI	2.00	5.00 Pr(3)	None	
SC	2.00	2.00 GP	None	† 1.10 Fire Dept & Inspectio
SD	2.50	2.50 GP	0.50 †	
TN	2.50	2.50 GP	0.75 †	
TX	3.50	3.50 GP	1.25 †	
UT	2.25	5.00 Pr	None	
VT	2.00	2.00 GP	None	
VA	2.75	2.75 GP	None	
WA	2.00	0.95 Pr	None	
WV	4.00	4.00 GP	0.50 †	
WI	2.38	0.50 GP	None	† 2.00 Fire Dept Dues
WY	2.50	0.75 Pr	None	

Preferential Tax Rates for Wet Marine

State	P&C Tax	Wet Marine Tax
AK	2.70 GP	0.75 Pr
AR	2.50 GP	0.75 Pr
FL	2.00 GP	0.75 Pr
WY	2.50 GP	0.75 Pr
HI	4.23 GP	0.88 Pr
WA	2.00 GP	0.95 Pr
NH	2.00 GP	5.00 Pr
PA	2.00 GP	5.00 Pr
UT	2.25 GP	5.00 Pr
CA	2.35 GP	5.00 Pr(3)
CT	2.00 GP	5.00 Pr(3)
DE	1.75 GP	5.00 Pr(3)
MN	2.00 GP	5.00 Pr(3)
NJ	2.00 GP	5.00 Pr(3)
OR	2.25 GP	5.00 Pr(3)
RI	2.00 GP	5.00 Pr(3)
MA	2.23 GP	5.70 Pr(3)
IA	2.00 GP	6.50 Pr(3)
WI	2.33 GP	0.50 GP

Notes:

GP = Gross Premium  
 Pr = Profit  
 Pr(3) = Average 3 Year Profit

19 States have a preferential tax treatment  
 for Wet Marine insurance

Added Premium Tax for Fire Marshall & Fire Related

State	P&C Tax	Fire Marshall Tax	Additional Fire Related Tax
AK	2.70	None	
AZ	1.70	0.20 †	
FL	2.00	0.63 †	
GA	2.25	None	† max of 2.50 by county
IL	2.00	1.00 †	† 2.00 for Fire Department
IN	2.00	0.50 incl	
KS	2.00	1.25 †	† 2.00 Firefighters Relief
KY	2.00	0.75 †	
LA	1.85	1.25 †	† 2.25 Fire Dept & Training
ME	2.00	0.75 †	
MN	2.00	2.00 †	† 2.00 Firemens Relief Fund
MS	3.00	0.50 †	
MT	2.75	0.75 †	† 1.25 Firemens Pension
NE	1.00	0.75 †	
NY	2.60	1.25 †	
NC	2.50	1.00 †	† 0.50 Firemens Relief Fund
OH	2.50	0.75 †	
OK	4.00	0.31 †	
OR	2.25	1.00 †	
SC	2.00	None	† 1.10 Fire Dept & Inspection
SD	2.50	0.50 †	
TN	2.50	0.75 †	
TX	3.50	1.25 †	
WV	4.00	0.50 †	
WI	2.38	None	† 2.00 Fire Dept Dues

Notes:

All tax rates above apply to gross premium

20 states have an added insurance premium tax for the Fire Marshall's office.

1 state has an amount in the insurance premium tax allocated for the Fire Marshall's office.

9 states have an added insurance premium tax for a fire related purpose.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

April 16, 1987

SUBJECT: Domestic insurer tax exemption  
(HB 230)

TO: Representative Dave Donley

FROM: Michael F Ford *M.F.*  
Legislative Counsel

You have asked whether the domestic insurer tax exemption under AS 21.09.210(c) is a constitutionally valid exercise of the state's taxing authority. In light of the latest U.S. Supreme Court decision striking down a state law that imposed a different rate of tax on foreign insurers, this form of exemption would appear to be equally defective. In Metropolitan Life Insurance Company v. Ward, 470 U.S. \_\_\_, 84 L.Ed 2d 751 (1985), the court held that neither the promotion of domestic business within a state nor the encouragement of capital investment are legitimate reasons that would permit discrimination against foreign corporations, in light of the equal protection clause. The court also noted that this type of discrimination would also be prohibited under the commerce clause. See Bacchus Imports, Ltd. v. Dias, 468 U.S. \_\_\_, 82 L Ed 2d 200 (1984). The exemption contained in AS 21.09.210(c) creates an impermissible discrimination between foreign and domestic insurers.

The present language of sec. 2 in HB 230 that limits the exemption to corporations organized before July 1, 1987 and may eliminate this issue as a practical matter. To avoid any possibility of litigation, the exemption should probably be repealed rather than limited.

MFF:mkr  
m11/029



GASTINEAU CHAPTER

ALASKA STATE FIREFIGHTERS ASSOCIATION

P.O. BOX 187

JUNEAU, ALASKA 99802

April 16, 1987

Representative Fran Ulmer  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Representative Ulmer:

The House of Representatives will be reviewing HB230. This Bill is intended to assist in the funding of the State Fire Marshal's Office. I don't know if you can understand the importance of this office to the firefighters of this state.

This Bill will help insure continued training of firefighters, both paid and volunteer in the areas of fire prevention, building inspection, public fire education, Fire Service Training, and investigation of fires across the state to better evaluate causes and to work to eliminate those we can.

Alaska has the highest fire deaths per capita in the United States. As a volunteer firefighter, I need your support of this Bill to stop fires from taking our families, friends, and property.

It would be disastrous to the citizens of this state should this office be under funded.

I urge you to vote for HB230. Thank you for your support of the Alaska State Firefighters.

Sincerely,

GASTINEAU CHAPTER  
ALASKA STATE FIREFIGHTERS' ASSOC.

Mike Tagaban  
President

MT:djo

House Bill 230

This is the division's "wish list". Bill only sets aside 10% of tax raised for possible legislative appropriation or approximately \$290K in FY 89.

The Division of Fire Prevention would fund the following on a priority basis should the Legislature appropriate monies generated by HB 230:

Priority	Amount	BRU	Description
1.	110.0	FP	Provide funding to cover plan review program receipts shortfall. The downturn in the economy is projected to result in a substantial shortfall which would cause the loss of 1.5 more positions in FY 88.
2.	412.7		Restore positions lost in FY 87 & FY 88:
	62.2	FP	a. PCN 12-2002 Anch. Supervisor
	56.5	FP	b. PCN 12-2010 DFMI Anchorage
	54.9	FST	c. PCN 12-2022 Ed Spec I Juneau
	53.0	FST	d. PCN 12-2020 Ed Spec I (Public Education Specialist)
	58.0	FP	e. PCN 12-2008 DFMI Fairbanks
			f. Restore 10% Governor's cut (Personal Services)
	79.0	FP	(1) Fire Prevention BRU
	11.0	FST	(2) Fire Service Training BRU
	18.0	FP	g. Restore Premium Pay cut in FY 88 (13.1) and need increase.
	20.1	FST	h. Restore funds to keep FST Supervisor position.
3.	180.0		Fund State Fire Commission

The following program increases will assist in accomplishing the basic services as identified in "Alaska On Fire," Report of the Task Force on Fire Prevention and Control:

4.a	100.0	FST	Restore travel increase requested in the FY 86 budget. Will provide for non-employee travel and per diem for technical assistance teams, itinerant instructors, curricula workshops, firefighter and fire officer training, standards development and for staff certification visits. (Task Force Report [TFR], pp. 44-45)
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Priority	Amount	BRU	Description
4.b	40.0	FP	Restore travel funds for code enforcement cut in FY86-88. This would reinstate the high-risk priority inspection program; eliminate the charge back plan to users and other state agencies as proposed for FY 88; provide vital oversight and technical assistance to VPSO safety programs; provide better technical assistance to local fire departments while addressing fire hazards in the most critical occupancies. 23.6 lost in FY 87. 6.0 lost in FY 86. (TFR, p. 57)
5.	113.0	FST	Restore the FY 88 (38.0) and FY 87 (75.0) grants decrement. Many basic needs of the over 250 fire departments can be met at the local level. Regional training programs can be funded to better utilize existing facilities. Other organizations need assistance in specialty areas: <ul style="list-style-type: none"> <li>a. Provide funds to assist with the Public Fire Safety Education seminar (cancelled in 1986).</li> <li>b. Provide 2 fire inspection training seminars (none held in last 2 years).</li> <li>c. Provide assistance to the Arson Seminar.</li> <li>d. Provide assistance to firefighters/fire chiefs conferences.</li> <li>e. Provide assistance to duplicate the Federal Community Volunteer programs (TFR, p. 46)</li> <li>f. Grant monies to assist local communities with the Learn Not To Burn program. (TFR, p. 42)</li> </ul>

Priority	Amount	BRU	Description
6.	65.0	FP	<p>Restore contractual decrements of FY 88 (30.0) and FY 87 (35.0). These funds would provide the following services:</p> <ul style="list-style-type: none"> <li>a. Publication of a fire service directory.</li> <li>b. Support publication of Fire Service Newsletter (none published for last 2 years).</li> <li>c. Publish directory of fire service equipment for use by local departments. (TFR, p. 49)</li> <li>d. Technical assistance to more timely adopt codes (our slow process is thoroughly addressed in TFR pp. 53-55).</li> <li>e. To contract or RSA to Information Systems Section funds to provide enhancements to the ANFIRS network. This would make the system more useful to local and state agencies who use the system. (TFR, p. 65)</li> <li>f. Contractual funds to computerize the Inspection File Maintenance system.</li> </ul>
7.	50.0	FST	<p>Restore contractual decrements in FST and add funding to implement the Task Force recommendations:</p> <ul style="list-style-type: none"> <li>a. Develop new curricula: <ul style="list-style-type: none"> <li>(1) Haz-Mat, TFR, p. 45</li> <li>(2) Arson, TFR, p. 51</li> <li>(3) Firefighter career ladder, TFR, p. 45</li> <li>(4) Fire Inspector, TFR, p. 54</li> <li>(5) Public fire educator, TFR, p. 45</li> <li>(6) Others as identified as needed.</li> </ul> </li> <li>b. Computer program upgrade and integration.</li> </ul>

Priority	Amount	BRU	Description
8.	80.0	FST	The Public Fire Safety Education Program has been transferred from FP to FST. Specific funding to administer an effective program never came with the position. Provide funding to administer a Public Education Program:
	25.0		a. Promote residential sprinkler and smoke detector demos (Fed. funds expire 9/87) TFR, pp. 39-41
	30.0		b. Lending library upgrade. Duplication and conversion of films to cassettes; establish resource centers in Fbks and Juneau to improve public access. TFR, p. 41
	5.0		c. Publish a resource guide for local communities. TFR p. 41
	15.0		d. Travel for Ed. Spec. and non-employee specialists to do in-service work and assist in local program planning.
	5.0		e. Supplies and materials.
9.	10.0	FP	Establish a toll-free Arson Hotline. TFR p. 31
10.	30.0	All	Arson Prevention & Enforcement activities. a. Support of Juvenile counseling b. Support of awareness & education campaign. TFR pp. 80-81
11.	30.0	All	Restore and add equipment funds. Equipment funds have been transferred to other components; purchases have been delayed. a. portable radios b. pagers c. computer hardware & software d. field investigation kits

Priority	Amount	SRU	Description
12.	40.0	FST	Provide refresher training to VPSO and rural school safety inspection program
13.	70.0	FST	Add 1 new Ed. Spec. position to Fairbanks office.
14.	65.0	All	Add 1 new Administrative Assistant to perform budget and many duties of the deputy director position.

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1,395.7 Budget increase

1,201.0 Existing Gov. Rev. FY 88 Total

2,596.7 Total Budget.

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465-3800

MEMORANDUM

May 6, 1987

SUBJECT: Sectional analysis - CSHB 230(L&C)  
TO: Representative Fran Ulmer  
FROM: Michael F. Ford *M-F.*  
Legislative Counsel

The following is a section by section analysis of CSHB 230(L&C):

Section 1 - Raises the premium tax imposed on domestic and foreign insurers from 2.7 to 3 percent.

Section 2 - Exempts domestic companies organized before January 1, 1987, from the premium tax imposed by AS 21.09.210.

Section 3 - Requires that 10 percent of the premium tax be deposited into a separate account. Provides the account may be used to fund the State Fire Commission and for other fire prevention and training services.

Section 4 - Provides that title insurance is taxed as provided in AS 21.09.210(b).

Section 5 - Repealers.

Section 6 - Applicability section.

MFF:mkr  
m11/127



# Alaska State Legislature

## House

Official Business

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

March 30, 1987

TO: ALL REPRESENTATIVES

FROM: Representative Fran Ulmer

RE: HB 230

I am concerned about fire prevention for the following reasons:

\*\*Alaska leads the Nation in deaths by fire. In 1985, the last year for which statistics have been finalized, there were 29 deaths. Of the 29 who died, 27 were in their homes, either single family or multi-family dwellings.

\*\*Of these 29 deaths, ten children under the age of 9 were among the victims.

\*\*Property losses in 1985 totaled \$38,819,596.

House Bill 230, "An Act relating to the premium tax on certain insurers", increases the tax on total direct premium income from 2.7% to 3.0% for each insurer. This tax increase is a return to the 1986 tax rate for over 90% of the insurance business in the State. Additionally, as many as 20 other states are using funds collected from the insurance industry for fire prevention and training.

House Bill 230 can provide funding for the State Fire Commission and adequately provide for fire prevention and training services -- services that will address the concerns stated above.

# Coalition for Home Fire Sprinklers



#### Honorary Committee

Karrem Abdul-Jabbar  
Los Angeles Lakers (NBA)

Steve Allen  
Entertainer

Tom McAllister  
Alaska Fire Chiefs Association

Robert Purcell  
Alaska State Firefighters Association

Chief Ron Coleman  
Fullerton Fire Department

John George, Director  
Alaska Division of Insurance

Ralph Mingo  
Governor's Safety & Health Conference

U.S. Congressman David Dreier  
33rd District, California

Chief Robert T. Edwards  
Scottsdale, Arizona

Marty Ingels  
Entertainer

Sain Neal  
Alaska State Fire Marshal

U.S. Congressman Don Young  
Alaska District

Chief Ross Fosberg  
Anchorage Fire Department

Shirley Jones  
Entertainer

Gene Kelly  
Entertainer

Bill Weaver C.F.P.S.  
Frank B. Hall & Co. of Alaska

James F. McMullen  
California State Fire Marshal

Ron Ozmina  
Alaska Association of Public Fire Educators

Scott Sullivan  
Providence Hospital Thermal Unit

Chief Roy Parrish  
Clark County, Nevada Fire Department

William Patterson  
F.E.M.A.-U.S.F.A.

David McDowell  
Alaskan Homebuilder

ALASKA CAMPAIGN  
1301 E. 80th Avenue  
Anchorage, Alaska 99518  
(907) 267-4960

April 30, 1987

Honorable Fran Ulmer  
Alaska State House  
Pouch V  
Juneau, Alaska 99811

Dear Representative Ulmer,

I'm sure that I'm not telling you anything that you are not already aware of when I tell you of Alaska's current status as "number one in fire fatalities in the industrialized world". But let me put in in a different perspective---imagine, if you will a warning printed on the bottom of Alaska travel brochures as follows:

**WARNING:** The U.S. Fire Administration has determined that your chances of dying in a fire in Alaska are greater than anywhere else in the United States.

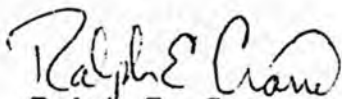
**!!!SLEEP WITH EXTREME CAUTION!!!**

Sounds ridiculous doesn't it? However, while I don't advocate printing such a statement when we advertise Alaska's many wonders, the truth of the statement still remains.

We have the technology available today to virtually eliminate Alaska's fire fatality rate. Our Coalition is working very hard in that direction. The Coalition, however, can not do it alone. We have depended heavily on the support of the Alaska State Fire Marshal during our efforts. And when I say support, the records will show that I don't mean financial assistance. The Division of Fire Suppression has been an invaluable resource for advice, data, moral support, and technical assistance in our efforts to help solve Alaska's significant fire problem. It has been disappointing to watch the reduction of that Division while Alaska continues to burn its citizens at a rate higher than anywhere else in the industrialized world.

House Bill 230, which is currently making its rounds of the Alaska Legislature is certainly a step in the right direction. In this era of "megetrends" and "searches for excellence", a bill like this has great potential for creating a "win-win" situation for all involved. Please support this bill.

Sincerely,

A handwritten signature in cursive script that reads "Ralph E. Crane".

Ralph E. Crane

Executive Director

1986 Alaskan Firefighter of the Year

RECEIVED JAN 29 1987

D b



ALASKA FIRE CHIEF'S ASSOCIATION

POST OFFICE BOX 304 • CORDOVA, ALASKA 99574 • TEL. (907) 424-7475

January 22, 1987

The Honorable Bill Nix  
Commissioner  
Department of Public Safety  
P. O. Box 11  
Juneau, Alaska 99811

Dear Commissioner Nix:

As President of the Alaska Fire Chief's Association, I feel compelled to write to you and tell you how angered I am by the proposal of another 20% budget cut in Fire Prevention/Fire Training for FY/88. Compounded with this year's 10% cut, our State fire agencies will be working at a pre-1972 level.

In FY/86 they had 21 employees, in FY/88 that would be reduced to 15; that is a 30% cut in personnel. Are you prepared to lay off 30% of the other Public Safety Divisions? Possibly 250 people? I doubt it; it's too easy to abuse "the little guy". Apparently you have chosen to disregard the direction of the Governor's Public Safety Transition Team Committee who, after days of in-depth study, declared that the Fire Marshal's office could not survive any further cuts.

With this cut, all inspection of existing structures will cease. Do we need to have a hundred people die in some hotel fire to wake you people up? Fire protection, to be effective must be a proactive service. It cannot afford to be a totally reactionary service similar to law enforcement. My God, there is a body count for every code on the books. One fire marshal doing a plan review or inspection can save more lives than anyone else you have working for you.

And the Fire Service Training Program is in a worse predicament. There are roughly 4000 firefighters in this state, and three people in the State Fire Service Training Program. And we might lose one of them. All those fire training programs that we have all been working on for years are down the tubes. It took years of effort to get 5 regional training centers built for over \$7 million. They will be empty buildings with these cuts.

Firefighting is the most dangerous occupation in this country; and you will reduce the training program to the status of a resource library.

Letter to Commissioner Nix  
January 22, 1987  
Page 2

The certified Firefighter I course which we worked years in establishing is to be dropped. I spent a year writing the Senior Fire Officer's Course, on my own time, and arranged for the first grant to put it on line. This was cut. What the hell did I spend my time for?

We in the Alaska Fire Chief's Association and Alaska Firefighter's Association, have spent our own money and time to work with OUR own State Agency to pull the fire service into the twentieth century only to have some disinterested bureaucrat meat axe it to death.

I am just as aware as anyone else that state revenues are short. But, the two fire associations and the Division of Fire Prevention/Fire Training have already outlined several things that could be done to cut corners through consolidation and reorganization.

The fire service can do more with less than any group you know. Unfortunately, that is what we've been doing for years. During the pipeline years, Fire Prevention did not grow and build it's empire like other agencies, they just took their money and quietly did their jobs and provided the service. They have no fat to trim, and it is your responsibility to recognize that.

I guess it is true, nice guys do finish last.

Sincerely,



Dewey Whetsell  
President

cc: Peter Jeans (Governor's Office)  
Jim Sampson (Commissioner of Labor, Chairman Public Safety Transition Team)  
Pat Wellington (Committee member Public Safety Transition Team)  
Chief Charles Lundfeld (Committee member Public Safety Transition Team)  
Gaylen Brevik (President, Alaska State Firefighters Assoc.)  
Members of House of Representatives  
Members Alaska Senate



GASTINEAU CHAPTER

ALASKA STATE FIREFIGHTERS ASSOCIATION

P.O. BOX 187

JUNEAU, ALASKA 99802

April 16, 1987

Representative Fran Ulmer  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Representative Ulmer:

The House of Representatives will be reviewing HB230. This Bill is intended to assist in the funding of the State Fire Marshal's Office. I don't know if you can understand the importance of this office to the firefighters of this state.

This Bill will help insure continued training of firefighters, both paid and volunteer in the areas of fire prevention, building inspection, public fire education, Fire Service Training, and investigation of fires across the state to better evaluate causes and to work to eliminate those we can.

Alaska has the highest fire deaths per capita in the United States. As a volunteer firefighter, I need your support of this Bill to stop fires from taking our families, friends, and property.

It would be disastrous to the citizens of this state should this office be under funded.

I urge you to vote for HB230. Thank you for your support of the Alaska State Firefighters.

Sincerely,

GASTINEAU CHAPTER  
ALASKA STATE FIREFIGHTERS' ASSOC.

Mike Tagaban  
President

MT:djo

BILL NO:

DATE:

CSHB 230 (L&C)

April 30, 1987

TITLE:

CONTACT:

An act relating to the premium tax on certain insurers.

Gordon Brunton  
465-4331

DEPARTMENT OF  
PUBLIC SAFETY

This measure increases the insurance premium tax from 2.7 to 3.0 percent, provides for separate accounting of 10 percent of the tax collected which may be appropriated to fund the State Fire Commission (AS 44.41) and other fire prevention services.

Alaska fire losses, both deaths and property, are 2.5 times that of the rest of the United States. In fact, they are the highest in the industrialized western world. We believe this to be unacceptable. Passage of CSHB 230 (L&C) will provide the resources needed to reduce these losses.

During the era of high revenues, the Legislature provided funds for fire protection equipment and facilities. Now there needs to be support for the firefighters and preventers who utilize these facilities for the protection of their communities.

The Division of Fire Prevention serves in both direct and indirect capacities to achieve its mission. Direct delivery of code enforcement, investigations and training are provided as well as indirect delivery by various means of support to local fire departments and fire related organizations. Should this bill pass, and the Legislature appropriate the funds, the division would be able to provide the following:

- Maintenance of the inspection of high-risk facilities, such as health care, schools, pre-schools, day care, correctional institutions, large assembly occupancies, and high rises, without implementing a user fee or inspection charge, a concept that, to date, has met with little enthusiasm or probability.
- Continuation of the plan review program, well received by architects and designers, which helps insure that safe buildings are erected in compliance with State fire codes.
- Improved response to requests for investigative assistance in suspicious and large loss fires to determine causes and assign responsibilities, and the implementation of arson prevention programs such as the Arson Awards, Arson Hot Line, juvenile fire setter counseling. There has already been an increase in arson fires since the downturn in the economy.
- Continuation and expansion of the fire information network, a vital tool used to gather information regarding fires, E.M.S. activities, and hazardous materials incidents, so that the fire service can better manage their operations.

- Direct assistance in the form of training and certification of personnel at various levels of competence, both at local fire departments and at regional fire training centers.
- Indirect assistance by the development of statewide personnel performance standards and curriculum, accreditation of local training programs, and provision of grants for approved local and regional training projects.
- Assistance in the development of programs to educate the public in methods to protect themselves against fire and other disasters.

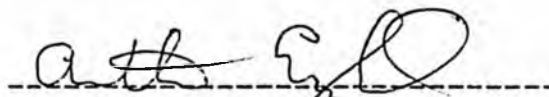
To put this all into perspective, take the case of Bethel. In the early 1980's we identified Bethel as having an extremely high fire death rate. Causes were identified through careful investigations. Treatments were devised, training provided, and programs implemented. The results: only 2 fire deaths since 1983, as compared to 12 for 1980-1982. Accurate collection of data, access to public education resources, effective training and delivery, while an oversimplification, caused this dramatic turnaround in Bethel.

Volunteerism has historically been the backbone of the fire service. Alaska has some 250 fire departments, of which 30 are fully or partly paid; the rest are staffed by volunteers. An untold amount of time and resources are donated to protecting local communities from fire and other disasters, both natural and man-made. A few have undertaken the effort to enforce fire codes through inspections and plan reviews, to make accurate determinations of the causes of fires, and to educate their citizens about fire safe practices. Most have only the resources to concentrate their efforts on maintaining a well trained and equipped cadre of volunteers to combat the inevitable--a chemical spill, a fire of any proportion (structural, wildland, aircraft, marine or vehicular), an EMS emergency. A reduction in the assistance now provided by the division to local fire departments will not result in their assuming those duties. The local situation is directly impacted by the assistance provided by the State.

There are presently 21 different State agencies which address fire in some form, as well as many at the local and federal levels. The Fire Commission was established to provide a focal point for all these fire programs. Funding for the commission

will allow it to develop and implement a master plan encompassing all fire agencies in the state, develop policies and establish directions for those programs, correlate and analyze data, recommend actions to improve the quality of fire protection, and provide technical assistance. It is believed that such a system will result in not only a reduction in fire losses, but also a reduction in the resources currently being expended.

The Department of Public Safety supports passage of this bill.

A handwritten signature in cursive script, appearing to read "Arthur English", is written over a horizontal dashed line.

Arthur English  
Commissioner

	GROSS PREMIUM	CURRENT TAX RATE	CURRENT TAX REVENUE	ADDITIONAL REVENUE ALL AT 2.7% G.P.	ADDITIONAL REVENUE 3% GP LTD PTC	ADDITIONAL REVENUE ALL AT 3% G.P.	ADDITIONAL REVENUE 3.5% GP LTD PTC	ADDITIONAL REVENUE ALL AT 3.5% G.P.
LIFE AND DISABILITY INSURANCE	199,450,000	2.7% G.P.	5,385,154	NO CHANGE	598,950	598,950	1,595,600	1,595,600
LIFE AND DISABILITY STATE + MUNICP	56,760,081	0%	0	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
HOSPITAL / MEDICAL SERVIC OCEP	60,001,429	6% OF PROFIT	269,629	1,350,400	NO CHANGE	1,530,400	NO CHANGE	1,890,421
PROPERTY/ CASUALTY INSURANCE	656,240,740	2.7% G.P.	17,718,544	NO CHANGE	1,968,722	1,968,722	5,249,926	5,249,926
WEL FARE AND TRN DETACHM	12,485,366	0.75% OF PROFIT	58,146	278,958	NO CHANGE	316,415	NO CHANGE	378,842
TITLE INSURANCE	16,507,725	1% G.P.	165,077	280,700	NO CHANGE	330,184	NO CHANGE	412,693

PREPARED BY:

ALABAMA DIVISION OF INSURANCE

4-2-87

23,596,550

1,909,958

2,567,072

14,744,041

6,845,526

9,467,982

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.

1 IN THE HOUSE BY ULMER, GOLL, NAVARRE,  
KOPONEN AND HUDSON

2 HOUSE BILL NO. 230

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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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 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 and training 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.