

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 27

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO INSURANCE; AMENDING SECTION 41-402, IDAHO CODE, TO PROVIDE THAT  
2 AMOUNTS IN CERTAIN DOCUMENTS SHALL BE ROUNDED TO THE NEAREST WHOLE DOL-  
3 LAR AND TO MAKE TECHNICAL CORRECTIONS; AND AMENDING SECTION 41-1229,  
4 IDAHO CODE, TO PROVIDE THAT AMOUNTS IN CERTAIN DOCUMENTS SHALL BE  
5 ROUNDED TO THE NEAREST WHOLE DOLLAR AND TO MAKE A TECHNICAL CORRECTION.  
6

7 Be It Enacted by the Legislature of the State of Idaho:

8 SECTION 1. That Section 41-402, Idaho Code, be, and the same is hereby  
9 amended to read as follows:

10 41-402. PREMIUM TAX. (1) Each authorized insurer, and each formerly  
11 authorized insurer with respect to insurance transacted while an authorized  
12 insurer, shall file with the director, on or before the dates in each year  
13 set forth in subsections (3) and (4) of this section, a statement (on forms  
14 as prescribed and furnished by the director) under oath, for the period set  
15 forth in subsections (3) and (4) of this section, and pay the director a tax  
16 at the rate set forth in subsection (2) of this section, on the following  
17 amounts:

18 (a) As to life insurers, the amount of all gross premiums received by  
19 the insurer on direct risks resident in this state, and also, if a domes-  
20 tic insurer, on direct risks resident in any other jurisdiction or ju-  
21 risdictions in which the insurer is not licensed and upon which no pre-  
22 mium tax is otherwise paid or payable, less returned coupons and divi-  
23 dends paid to or credited to policyholders.

24 (b) As to all insurers other than life insurers, the amount of gross di-  
25 rect premiums written on policies covering subjects of insurance res-  
26 ident, located or performed in this state, and also, if a domestic in-  
27 surer, on such premiums in any other jurisdiction or jurisdictions in  
28 which the insurer is not licensed and upon which no premium tax is oth-  
29 erwise paid or payable, less returned premiums, premiums on policies not  
30 taken and dividends paid or credited to policyholders. As to title in-  
31 surance, "gross premium" means the insurance risk portion of the amount  
32 charged for title insurance.

33 (2) Subject to section 41-403, Idaho Code, as that section applies  
34 through calendar year 2009, the rate of tax shall be as follows:

35 (a) As to title insurance, the rate of tax shall be one and five-tenths  
36 percent (1.5%).

37 (b) As to all other kinds of insurance, the rate of tax shall be:

38 (i) For calendar year 2004 and before, two and seventy-five hun-  
39 dredths percent (2.75%);

40 (ii) For calendar year 2005, two and five-tenths percent (2.5%);

41 (iii) For calendar year 2006, two and three-tenths percent (2.3%);

42 (iv) For calendar year 2007, two and one-tenth percent (2.1%);

- 1 (v) For calendar year 2008, one and nine-tenths percent (1.9%);  
2 (vi) For calendar year 2009, one and seven-tenths percent (1.7%);  
3 and  
4 (vii) For calendar year 2010 and thereafter, one and five-tenths  
5 percent (1.5%).

6 (3) (a) Every insurer with a tax obligation under this section shall  
7 make prepayment of the tax obligations for the current calendar year's  
8 business, if the sum of the tax obligations for the preceding calendar  
9 year's business is four hundred dollars (\$400) or more.

10 (b) The director shall credit the prepayments toward the appropriate  
11 tax obligations of the insurer for the current calendar year.

12 (c) The minimum amounts of the prepayments shall be percentages of the  
13 insurer's tax obligation based on the preceding calendar year's busi-  
14 ness and the current year's rate, and shall be paid to the director's of-  
15 fice by the due dates and in the following amounts:

16 (i) On or before June 15, sixty percent (60%);

17 (ii) On or before September 15, twenty percent (20%); and

18 (iii) On or before December 15, fifteen percent (15%).

19 (4) On or before March 1, any balance of tax due for the preceding calen-  
20 dar year shall be paid to the director.

21 (5) The effect of transferring policies of insurance from one insurer  
22 to another insurer is to transfer the tax prepayment obligation with respect  
23 to the policies.

24 (6) This section shall not apply as to any reciprocal insurer doing  
25 exclusively a worker's compensation business and complying with the provi-  
26 sions of the worker's compensation law of this state and writing worker's  
27 compensation only for members under that law, if its representatives or  
28 agents or the attorney in fact executing such contracts are not compensated  
29 on a commission basis.

30 (7) This section shall not apply as to life insurance policies issued  
31 under pension plans or profit-sharing plans exempt or qualified under sec-  
32 tion 401(a), 403, 404, 408 or 501(a) of the ~~United States~~ Internal Revenue  
33 Code, as hereafter amended or renumbered from time to time, nor to annuity  
34 contracts in general.

35 (8) This section shall not apply to any reciprocal insurer ~~which that~~  
36 exclusively insures members who are governmental entities, as defined by  
37 section 6-902(1), (2) and (3), Idaho Code.

38 (9) Except as otherwise provided in this subsection, this section shall  
39 not apply as to any dental care services or as to any dental insurance autho-  
40 rized by title 41, Idaho Code. A tax is hereby imposed upon each contract  
41 for dental care services and dental insurance, at the rate of four cents (4¢)  
42 per contract, per month, such amount to be computed each month. Tax pay-  
43 ments shall be made consistent with the documentation requirements and pay-  
44 ment dates set forth in this section. The tax imposed in this subsection  
45 shall be in lieu of the premium tax provided in this section and in lieu of  
46 all other taxes, licenses and fees as provided by section 41-405, Idaho Code;  
47 provided however, that this subsection shall not apply to entities governed  
48 by chapter 34, title 41, Idaho Code.

1 (10) The amount of tax due for the current year shall be paid in full in  
2 the manner and at the times required in this section without any credit or  
3 offset for refunds or other amounts due or claimed to be due by the insurer.

4 (11) An insurer shall round to the nearest whole dollar any amount shown  
5 or required to be shown on any return, form, statement, or other document  
6 submitted to the director. Any record or other document prepared or main-  
7 tained by the director shall express any dollar amount rounded to the nearest  
8 whole dollar.

9 SECTION 2. That Section 41-1229, Idaho Code, be, and the same is hereby  
10 amended to read as follows:

11 41-1229. TAX ON SURPLUS LINES. (1) On or before the first day of March  
12 of each year, each broker shall remit to the director a tax on the premiums,  
13 exclusive of sums collected to cover federal and state taxes and examination  
14 fees, on surplus line insurance subject to tax transacted by him with unau-  
15 thorized insurers during the preceding calendar year as shown by his annual  
16 statement filed with the director, and at the rate of one and five-tenths  
17 percent (1.5%). Such tax shall be in lieu of all other taxes upon such insur-  
18 ers with respect to the business so reported.

19 (2) For property and casualty insurance other than worker's compensa-  
20 tion insurance, if Idaho is the insured's home state, then the tax so payable  
21 shall be computed upon the entire premium under subsection (1) of this sec-  
22 tion, without regard to whether the policy covers risks or exposures that are  
23 located in Idaho. For all other lines of insurance, if a surplus line policy  
24 covers risks or exposures only partially in Idaho, the tax so payable shall  
25 be computed upon the proportion of the premium that is properly allocable to  
26 the risks or exposures located in Idaho.

27 (3) Each broker shall round to the nearest whole dollar any amount shown  
28 or required to be shown on any return, form, statement, or other document  
29 submitted to the director or to any entity set forth in rule pursuant to sec-  
30 tion 41-1232, Idaho Code. Any record or other document prepared or main-  
31 tained by the director shall express any dollar amount rounded to the nearest  
32 whole dollar.