



General Assembly

January Session, 2007

**Committee Bill No. 6017**

LCO No. 5210

\*05210HB06017GAE\*

Referred to Committee on Government Administration and Elections

Introduced by:  
(GAE)

**AN ACT CONCERNING MUNICIPAL HEALTH INSURANCE PREMIUMS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-202 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2007, and*  
3 *applicable to income years commencing on or after January 1, 2007*):

4 (a) Each domestic insurance company shall, annually, pay a tax on  
5 the total net direct premiums received by such company during the  
6 calendar year next preceding from policies written on property or risks  
7 located or resident in this state. The rate of tax on all net direct  
8 insurance premiums received on and after January 1, 1995, shall be one  
9 and three-quarters per cent. The franchise tax imposed under this  
10 section on premium income for the privilege of doing business in the  
11 state is in addition to the tax imposed under chapter 208. In the case of  
12 any local domestic insurance company the admitted assets of which as  
13 of the end of an income year do not exceed ninety-five million dollars,  
14 eighty per cent of the tax paid by such company under chapter 208  
15 during such income year reduced by any refunds of taxes paid by such

16 company and granted under said chapter within such income year and  
17 eighty per cent of the assessment paid by such company under section  
18 38a-48 during such income year shall be allowed as a credit in the  
19 determination of the tax under this chapter payable with respect to  
20 total net direct premiums received during such income year, provided  
21 that these two credits shall not reduce the tax under this chapter to less  
22 than zero, and provided further in the case of a local domestic  
23 insurance company which is a member of an insurance holding  
24 company system, as defined in section 38a-129, these credits shall  
25 apply if the total admitted assets of the local domestic insurance  
26 company and its affiliates, as defined in said section, do not exceed  
27 two hundred fifty million dollars or, in the alternative, in the case of a  
28 local domestic insurance company which is a member of an insurance  
29 holding company system, as defined in section 38a-129, these credits  
30 shall apply only if total direct written premiums are derived from  
31 policies issued or delivered in Connecticut, on risk located in  
32 Connecticut and, as of the end of the income year the company and its  
33 affiliates have admitted assets minus unpaid losses and loss  
34 adjustment expenses that are also discounted for federal and state tax  
35 purposes and which for said local domestic insurance company and its  
36 affiliates, as defined in said section do not exceed two hundred fifty  
37 million dollars.

38 (b) Notwithstanding the provisions of subsection (a) of this section,  
39 the tax shall not apply to any new or renewal contract or policy  
40 entered into with a municipality on or after July 1, 2007, to provide  
41 health care coverage to municipal employees, retirees and their  
42 dependents.

43 Sec. 2. Section 12-202a of the general statutes is repealed and the  
44 following is substituted in lieu thereof (*Effective July 1, 2007, and*  
45 *applicable to income years commencing on or after January 1, 2007*):

46 (a) Each health care center, as defined in section 38a-175, that is  
47 governed by sections 38a-175 to 38a-192, inclusive, shall pay a tax to

48 the Commissioner of Revenue Services for the calendar year  
49 commencing on January 1, 1995, and annually thereafter, at the rate of  
50 one and three-quarters per cent of the total net direct subscriber  
51 charges received by such health care center during each such calendar  
52 year on any new or renewal contract or policy approved by the  
53 Insurance Commissioner under section 38a-183. Such payment shall be  
54 in addition to any other payment required under section 38a-48.

55 (b) Notwithstanding the provisions of subsection (a) of this section,  
56 the tax shall not apply to:

57 (1) Any new or renewal contract or policy entered into with the state  
58 on or after July 1, 1997, to provide health care coverage to state  
59 employees, retirees and their dependents;

60 (2) Any subscriber charges received from the federal government to  
61 provide coverage for Medicare patients;

62 (3) Any subscriber charges received under a contract or policy  
63 entered into with the state to provide health care coverage to Medicaid  
64 recipients under the Medicaid managed care program established  
65 pursuant to section 17b-28, which charges are attributable to a period  
66 on or after January 1, 1998;

67 (4) Any new or renewal contract or policy entered into with the state  
68 on or after April 1, 1998, to provide health care coverage to eligible  
69 beneficiaries under the HUSKY Medicaid Plan Part A, HUSKY Part B,  
70 or the HUSKY Plus programs, each as defined in section 17b-290;

71 (5) Any new or renewal contract or policy entered into with the state  
72 on or after April 1, 1998, to provide health care coverage to recipients  
73 of state-administered general assistance pursuant to section 17b-192;

74 (6) Any new or renewal contract or policy entered into with the state  
75 on or after February 1, 2000, to provide health care coverage to retired  
76 teachers, spouses or surviving spouses covered by plans offered by the  
77 state teachers' retirement system;

78 (7) Any new or renewal contract or policy entered into with a  
79 municipality on or after [July 1, 2001, to provide health care coverage  
80 to employees of a municipality and their dependents under a plan  
81 procured pursuant to section 5-259] July 1, 2007, to provide health care  
82 coverage to municipal employees, retirees and their dependents;

83 (8) Any new or renewal contract or policy entered into on or after  
84 July 1, 2001, to provide health care coverage to employees of nonprofit  
85 organizations and their dependents under a plan procured pursuant to  
86 section 5-259;

87 (9) Any new or renewal contract or policy entered into on or after  
88 July 1, 2003, to provide health care coverage to individuals eligible for  
89 a health coverage tax credit and their dependents under a plan  
90 procured pursuant to section 5-259;

91 (10) Any new or renewal contract or policy entered into on or after  
92 July 1, 2005, to provide health care coverage to employees of  
93 community action agencies and their dependents under a plan  
94 procured pursuant to section 5-259; or

95 (11) Any new or renewal contract or policy entered into on or after  
96 July 1, 2005, to provide health care coverage to retired members and  
97 their dependents under a plan procured pursuant to section 5-259.

98 (c) The provisions of this chapter pertaining to the filing of returns,  
99 declarations, installment payments, assessments and collection of  
100 taxes, penalties, administrative hearings and appeals imposed on  
101 domestic insurance companies shall apply with respect to the charge  
102 imposed under this section.

103 Sec. 3. Section 12-210 of the general statutes is repealed and the  
104 following is substituted in lieu thereof (*Effective July 1, 2007, and*  
105 *applicable to income years commencing on or after January 1, 2007*):

106 (a) Each newly licensed insurance company incorporated by or  
107 organized under the laws of any other state or foreign government

108 shall pay to the Commissioner of Revenue Services, within forty-five  
 109 days of the effective date of such company's initial license to transact  
 110 business in this state, a tax on the net direct premiums received by  
 111 such company in the next five preceding calendar years from policies  
 112 written on property or risks located or resident in this state, except  
 113 ocean marine insurance, at the rate in effect for each such calendar  
 114 year.

115 (b) Each insurance company incorporated by or organized under  
 116 the laws of any other state or foreign government and doing business  
 117 in this state shall, annually, on and after January 1, 1995, pay to said  
 118 Commissioner of Revenue Services, in addition to any other taxes  
 119 imposed on such company or its agents, a tax of one and three-  
 120 quarters per cent of all net direct premiums received by such company  
 121 in the calendar year next preceding from policies written on property  
 122 or risks located or resident in this state, excluding premiums for ocean  
 123 marine insurance, and, upon ceasing to transact new business in this  
 124 state, shall continue to pay a tax upon the renewal premiums derived  
 125 from its business remaining in force in this state at the rate which was  
 126 applicable when such company ceased to transact new business in this  
 127 state.

128 (c) Notwithstanding the provisions of subsection (b) of this section,  
 129 the tax shall not apply to any new or renewal contract or policy  
 130 entered into with a municipality on or after July 1, 2007, to provide  
 131 health care coverage to municipal employees, retirees and their  
 132 dependents.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007, and applicable to income years commencing on or after January 1, 2007</i>	12-202

Sec. 2	<i>July 1, 2007, and applicable to income years commencing on or after January 1, 2007</i>	12-202a
Sec. 3	<i>July 1, 2007, and applicable to income years commencing on or after January 1, 2007</i>	12-210

**Statement of Purpose:**

To exempt insurance contracts and policies entered into with a municipality to provide health insurance coverage to municipal employees, retirees and their dependents from the taxes on net direct premiums received by domestic and foreign insurance companies and net direct subscriber charges received by health care centers.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: REP. DYSON, 94th Dist.

H.B. 6017