



General Assembly

Substitute Bill No. 16

February Session, 2010

* SB00016INS 021610 *

AN ACT PHASING OUT THE INSURANCE PREMIUM TAX FOR MUNICIPALITIES.

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 Section 12-202 of the general statutes is repealed and the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, 2010, and*
3 *applicable to income years commencing on or after January 1, 2010*):

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 rate of tax on net direct premiums for any contract or policy with a
40 municipality to provide health care coverage to municipal employees,
41 municipal retirees or dependents of such employees or retirees shall
42 be:

43 (1) For the income years commencing on January 1, 2010, and
44 January 1, 2011, one and three-tenths per cent;

45 (2) For the income year commencing on January 1, 2012, nine-tenths
46 of one per cent; and

47 (3) For income years commencing on and after January 1, 2013, zero
48 per cent.

49 Sec. 2. Section 12-202a of the general statutes is repealed and the
50 following is substituted in lieu thereof (*Effective July 1, 2010, and*
51 *applicable to income years commencing on or after January 1, 2010*):

52 (a) Each health care center, as defined in section 38a-175, that is
53 governed by sections 38a-175 to 38a-192, inclusive, shall pay a tax to
54 the Commissioner of Revenue Services for the calendar year
55 commencing on January 1, 1995, and annually thereafter, at the rate of
56 one and three-quarters per cent of the total net direct subscriber
57 charges received by such health care center during each such calendar
58 year on any new or renewal contract or policy approved by the
59 Insurance Commissioner under section 38a-183. Such payment shall be
60 in addition to any other payment required under section 38a-48.

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

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

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

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

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

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

80 (6) Any new or renewal contract or policy entered into with the state
81 on or after February 1, 2000, to provide health care coverage to retired

82 teachers, spouses or surviving spouses covered by plans offered by the
83 state teachers' retirement system;

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

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

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

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

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

103 (c) Notwithstanding the provisions of subsection (a) of this section,
104 the rate of tax on net direct subscriber charges for any contract or
105 policy with a municipality to provide health care coverage to
106 municipal employees, municipal retirees or dependents of such
107 employees or retirees shall be:

108 (1) For the income years commencing on January 1, 2010, and
109 January 1, 2011, one and three-tenths per cent;

110 (2) For the income year commencing on January 1, 2012, nine-tenths
111 of one per cent; and

112 (3) For income years commencing on and after January 1, 2013, zero
113 per cent.

114 [(c)] (d) The provisions of this chapter pertaining to the filing of
115 returns, declarations, installment payments, assessments and collection
116 of taxes, penalties, administrative hearings and appeals imposed on
117 domestic insurance companies shall apply with respect to the charge
118 imposed under this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2010, and applicable to income years commencing on or after January 1, 2010</i>	12-202
Sec. 2	<i>July 1, 2010, and applicable to income years commencing on or after January 1, 2010</i>	12-202a

INS *Joint Favorable Subst.*