

CHAPTER NO. 657

HOUSE BILL NO. 873

INTRODUCED BY FABREGA, HUENNEKENS

BY REQUEST OF THE HOUSE TAXATION COMMITTEE

IN THE HOUSE

February 19, 1979	Introduced and referred to Committee on Taxation.
March 27, 1979	Committee recommend bill do pass. Report adopted.
	Second reading, do pass as amended.
	Correctly engrossed.
	Third reading, passed. Transmitted to second house.

IN THE SENATE

March 27, 1979	Introduced and referred to Committee on Taxation.
April 17, 1979	Committee recommend bill be concurred in as amended.
April 18, 1979	Second reading, concurred in.
	On motion rules suspended. Bill placed on Calendar for third reading this day.
	Third reading, concurred in as amended.

IN THE HOUSE

April 19, 1979	Returned from second house. Concurred in as amended.
	Second reading, amendments adopted.

April 19, 1979

Third reading, amendments adopted.

Sent to enrolling.

Reported correctly enrolled.

1 *House* BILL NO. *873*  
 2 INTRODUCED BY *Barbara Henderson House Taxation*  
 3 *Committee*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO TAX FEES OR DUES  
 5 PAID TO A HEALTH SERVICE CORPORATION AND PREMIUMS PAID BY AN  
 6 EMPLOYER UNDER COMPENSATION PLAN NO. 3 OF THE WORKERS'  
 7 COMPENSATION ACT IN THE SAME MANNER AS OTHER INSURANCE  
 8 PREMIUMS ARE TAXED; AMENDING SECTION 33-30-204, MCA; AND  
 9 REPEALING SECTION 33-30-203, MCA."

10  
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 NEW SECTION. Section 1. Tax on fees or dues paid to  
 13 health service corporations. (1) There is a tax imposed on  
 14 the fees or dues paid to a health service corporation.

15 (2) At the time prescribed for filing the report  
 16 required by 33-30-202, each health service corporation shall  
 17 pay to the commissioner a tax equal to 2 3/4% of the amount  
 18 of all dues or fees collected from its members during the  
 19 previous fiscal year.

20 (3) Money received from the collection of the tax  
 21 imposed by this section shall be deposited to the credit of  
 22 the general fund.

23 NEW SECTION. Section 2. Tax on premiums paid under  
 24 plans. (1) There is a tax imposed on all premiums paid to the  
 25 division under compensation plan No. 3.

1 (2) At the time set by the division for the payment of  
 2 the premiums under 39-71-2303, each employer shall pay to  
 3 the division a tax equal to 2 3/4% of the amount of the  
 4 premium.

5 (3) Money collected from the tax imposed by this  
 6 section shall be deposited to the credit of the general  
 7 fund.

8 Section 3. Section 33-30-204, MCA, is amended to read:

9 "33-30-204. Fees. (1) Every health service corporation  
 10 subject to the provisions of this chapter shall pay the  
 11 following fees to the commissioner for enforcement of the  
 12 provisions of this chapter:

- 13 (a) enrollment representative's license:
- 14 (i) application for original license including
- 15 examination and issuance of license.....\$10
- 16 (ii) annual renewal.....\$ 5
- 17 (b) filing any other statement or report.....\$ 1
- 18 (c) for a certified copy of any document or other
- 19 paper filed in the office of the commissioner, per page \$.50
- 20 (d) for the certificate and for affixing the seal
- 21 thereto.....\$ 1
- 22 (e) filing of a membership contract.....\$10
- 23 (f) filing of a membership contract package.....\$25
- 24 (g) ~~filing annual report, a fee of 20 cents for each~~
- 25 ~~individual or family unit the corporation covered at the~~

-2- *HE 873*  
 INTRODUCED BILL

1 ~~close of the year to which the annual report is applicable~~  
2 ~~except that the minimum fee payable upon filing of an annual~~  
3 ~~report is \$100.~~

4 (2) The commissioner shall promptly deposit with the  
5 state treasurer to the credit of the general fund all fees  
6 and license fees received by him under this section."

7 Section 4. Repealer. Section 33-30-203, MCA, is  
8 repealed.

9 Section 5. Codification. (1) Section 1 is intended to  
10 be codified as an integral part of Title 33, chapter 30.

11 (2) Section 2 is intended to be codified as an  
12 integral part of Title 39, chapter 71.

-End-

## STATE OF MONTANA

Request No. 409-79

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 20, 1979, there is hereby submitted a Fiscal Note for House Bill 873 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

## DESCRIPTION OF PROPOSED LEGISLATION:

An act to tax fees or dues paid to a health service corporation and premiums paid by an employer under compensation plan no. 3 of the Workers' Compensation Act in the same manner as other insurance premiums are taxed.

## ASSUMPTIONS:

1. The taxation of premiums will have no effect on the level of earned premium.
2. The Department of Administration will have staff available to make certain computer program changes required by the Workers' Compensation Division.

## FISCAL IMPACT:

	<u>FY 80</u>	<u>FY 81</u>
Additional revenues under proposed legislation		
Tax on fees paid health services organizations	\$1,468,000	\$1,659,000
Tax on premiums of State Compensation Insurance Fund	<u>646,250</u>	<u>660,000</u>
Total additional revenues	2,114,250	2,319,000
Less: Implementation costs of the Workers' Compensation Division	<u>33,000</u>	<u>0</u>
Net additional revenue to the State General Fund	<u>\$2,081,250</u>	<u>\$2,319,000</u>

*Richard L. Drury*  
 BUDGET DIRECTOR  
 Office of Budget and Program Planning  
 Date: 2/27/79

STATE OF MONTANA

Request No. 409-79 Amended

FISCAL NOTE

Form BD-15

In compliance with a written request received April 4, 1979, there is hereby submitted a Fiscal Note for House Bill 873 Amended pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

This fiscal note is prepared on the third reading version of the bill and supersedes the fiscal note dated February 27, 1979.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to tax premiums paid by an employer under compensation plan no. 3 of the Workers' Compensation Act in the same manner as other insurance premiums are taxed.

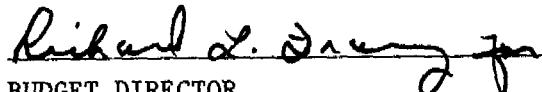
ASSUMPTION:

The taxation of premiums will have no effect on the level of earned premium.

FISCAL IMPACT:

	<u>FY 80</u>	<u>FY 81</u>
Additional revenue from tax on premiums of State Compensation Insurance Fund	<u>\$646,250</u>	<u>\$660,000</u>

The additional revenue will accrue to the State General Fund.

  
BUDGET DIRECTOR  
Office of Budget and Program Planning  
Date: 4/3/79

HOUSE BILL NO. 873

INTRODUCED BY FABREGA, HUENNEKENS

BY REQUEST OF THE HOUSE TAXATION COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO TAX FEES--OR--DUES PAID TO A HEALTH SERVICE CORPORATION AND PREMIUMS PAID BY AN EMPLOYER UNDER COMPENSATION PLAN NO. 3 OF THE WORKERS' COMPENSATION ACT IN THE SAME MANNER AS OTHER INSURANCE PREMIUMS ARE TAXED; AMENDING SECTION 33-30-204, MCA; AND REPEALING SECTION 33-30-203, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

~~NEW SECTION. Section 1. Tax on fees or dues paid to health service corporations. (1) There is a tax imposed on the fees or dues paid to a health service corporation~~

~~(2) At the time prescribed for filing the report required by 33-30-202, each health service corporation shall pay to the commissioner a tax equal to 2 3/4% of the amount of all dues or fees collected from its members during the previous fiscal year.~~

~~(3) THE TAX IMPOSED BY SUBSECTION (1) DOES NOT APPLY TO FEES OR DUES PAID BY AN INDIVIDUAL WHO IS 62 YEARS OR OLDER.~~

~~(3)(i) Money received from the collection of the tax imposed by this section shall be deposited to the credit of~~

~~the general funds~~

~~NEW SECTION. Section 1. Tax on premiums paid under plan. (1) There is a tax imposed on all premiums paid to the division under compensation plan No. 3.~~

~~(2) At the time set by the division for the payment of the premiums under 39-71-2303, each employer shall pay to the division a tax equal to 2 3/4% of the amount of the premiums.~~

~~(3) Money collected from the tax imposed by this section shall be deposited to the credit of the general funds BY OCTOBER 1 OF EACH YEAR. THE DIVISION SHALL PAY TO THE GENERAL FUND A PREMIUM TAX AT A RATE OF 2 3/4% OF THE STATE COMPENSATION INSURANCE FUND'S EARNED PREMIUM FOR THE PRECEDING FISCAL YEAR. THE EARNED PREMIUM MUST BE REDUCED BY ANY DIVIDENDS PAID OR CREDITED TO STATE FUND INSUREDS DURING THE PRECEDING FISCAL YEAR.~~

~~Section 3. Section 33-30-204, MCA, is amended to read: "33-30-204. Fees. (1) Every health service corporation subject to the provisions of this chapter shall pay the following fees to the commissioner for enforcement of the provisions of this chapter:~~

- ~~(a) enrollment representative's license;~~
- ~~(i) application for original license including examination and issuance of license;~~
- ~~(ii) annual renewal;~~

1 (b)--filing-any-other-statement-or-report-----1  
2 (c)--for-a-certified-copy-of-any-document-or-other  
3 paper-filed-in-the-office-of-the-commissioner-per-page-\$1.50  
4 (d)--for-the-certificate--and--for--affixing--the--seal  
5 thereto-----1  
6 (e)--filing-of-a-membership-contract-----\$20  
7 (f)--filing-of-a-membership-contract-package-----\$25  
8 (g)--filing--annual--report--a-fee-of-20-cents-for-each  
9 individual-or-family-unit-the-corporation-covered-at-the  
10 close-of-the-year-to-which-the-annual-report-is-applicable  
11 except-that-the-minimum-fee-payable-upon-filing-of-an-annual  
12 report-is-\$100.

13 (2)--The-commissioner-shall-promptly-deposit-with-the  
14 state-treasurer-to-the-credit-of-the-general-fund-all-fees  
15 and-license-fees-received-by-him-under-this-section."

16 SECTION 2. THERE IS A NEW MCA SECTION THAT READS:  
17 Annual statement. Every health service corporation  
18 shall file an annual statement on form No. 13 N.A.I.C. with  
19 the commissioner of insurance.

20 Section 4~~2~~--Repeater---Section--33-30-283v--MCAy--is  
21 repeated.

22 Section 3. Codification. (1) Section 1 is intended to  
23 be codified as an integral part of Title 33, chapter 30.

24 (2)--Section--2 is intended to be codified as an  
25 integral part of Title 39, chapter 71.



HOUSE BILL NO. 873

INTRODUCED BY FABREGA, HUENNEKENS

BY REQUEST OF THE HOUSE TAXATION COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO TAX FEES OR DUES PAID TO A HEALTH SERVICE CORPORATION AND PREMIUMS PAID BY AN EMPLOYER UNDER COMPENSATION PLAN NO. 3 OF THE WORKERS' COMPENSATION ACT IN THE SAME MANNER AS OTHER INSURANCE PREMIUMS ARE TAKEN; AMENDING SECTION 33-30-204, MCA; AND REPEALING SECTION 33-30-203, MCA; REQUIRE HEALTH SERVICE CORPORATIONS TO FILE ANNUAL STATEMENTS."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Tax on fees or dues paid to health service corporations. (1) There is a tax imposed on the fees or dues paid to a health service corporation

(2) At the time prescribed for filing the report required by 33-30-202, each health service corporation shall pay to the commissioner a tax equal to 2-3/4% of the amount of all dues or fees collected from its members during the previous fiscal year.

(3) THE TAX IMPOSED BY SUBSECTION (1) DOES NOT APPLY TO FEES OR DUES PAID BY AN INDIVIDUAL WHO IS 62 YEARS OR OLDER.

(3)(4) Money received from the collection of the tax

imposed by this section shall be deposited to the credit of the general fund.

NEW SECTION. Section 1. Tax on premiums paid under plans. (1) There is a tax imposed on all premiums paid to the division under compensation plan No. 3.

(2) At the time set by the division for the payment of the premiums under 39-71-2303, each employer shall pay to the division a tax equal to 2-3/4% of the amount of the premium.

(3) Money collected from the tax imposed by this section shall be deposited to the credit of the general fund. BY OCTOBER 1 OF EACH YEAR, THE DIVISION SHALL PAY TO THE GENERAL FUND A PREMIUM TAX AT A RATE OF 2-3/4% OF THE STATE COMPENSATION INSURANCE FUND'S EARNED PREMIUM FOR THE PRECEDING FISCAL YEAR. THE EARNED PREMIUM MUST BE REDUCED BY ANY DIVIDENDS PAID OR CREDITED TO STATE FUND INSUREES DURING THE PRECEDING FISCAL YEAR.

Section 3. Section 33-30-204, MCA, is amended to read: "33-30-204. Fees. (1) Every health service corporation subject to the provisions of this chapter shall pay the following fees to the commissioner for enforcement of the provisions of this chapter:

- (a) enrollment representative's license
(b) application for original license including examination and issuance of license

1       ~~{1}--annual-renewal-----5~~  
2       ~~{b}--filing-any-other-statement-or-report-----1~~  
3       ~~{c}--for-a-certified-copy-of-any-document-or-other~~  
4 ~~paper-filed-in-the-office-of-the-commissioner-per-page-9v50~~  
5       ~~{d}--for-the-certificate-and-for-affixing-the-seal~~  
6 ~~thereto-----1~~  
7       ~~{e}--filing-of-a-membership-contract-----10~~  
8       ~~{f}--filing-of-a-membership-contract-package-----25~~  
9       ~~{g}--filing-annual-report-a-fee-of-20-cents-for-each~~  
10 ~~individual-or-family-unit-the-corporation-covered-at-the~~  
11 ~~close-of-the-year-to-which-the-annual-report-is-applicable~~  
12 ~~except-that-the-minimum-fee-payable-upon-filing-of-an-annual~~  
13 ~~report-is-0100v~~  
14       ~~{2}--The-commissioner-shall-promptly-deposit-with-the~~  
15 ~~state-treasurer-to-the-credit-of-the-general-fund-all-fees~~  
16 ~~and-license-fees-received-by-his-under-this-sections~~  
17       SECTION 1. THERE IS A NEW MCA SECTION THAT READS:  
18       Annual statement. Every health service corporation  
19 shall file an annual statement on A FORM CONTAINING  
20 SUBSTANTIALLY THE SAME INFORMATION AS THAT CONTAINED IN form  
21 No. 13 M.A.I.C. with the commissioner of insurance.  
22       ~~Section 15. Repeater. Section 33-30-203v MCA. is~~  
23 ~~repealed.~~  
24       Section 2. Codification. ~~{1} Section 1 is intended to~~  
25 ~~be codified as an integral part of Title 35v chapter 30v~~

1       ~~{2}--Section--2 is intended to be codified as an~~  
2 ~~Integral part of Title 39, chapter 71.~~

-End-

April 17, 1979

SENATE STANDING COMMITTEE REPORT  
(Taxation)

That House Bill No. 873, third reading bill, be amended as follows:

1. Title, line 5.

Following: "TO"

Strike: remainder of title

Insert: "REQUIRE HEALTH SERVICE CORPORATIONS TO FILE ANNUAL STATEMENTS."

2. Page 2, line 2.

Following: line 1

Strike: section 1 in its entirety

Renumber: subsequent section

3. Page 3, line 18.

Following: "on"

Insert: "a form containing substantially the same information as that  
contained in"