

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.

House BILL NO. 873

INTRODUCED BY

Senate Committee on 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 33-30-204, 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) 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 2. 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 premium.

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

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.....\$10

(ii) annual renewal.....\$ 5

(b) filing any other statement or report.....\$ 1

(c) for a certified copy of any document or other paper filed in the office of the commissioner per page \$.50

(d) for the certificate and for affixing the seal thereto.....\$ 1

(e) filing of a membership contract.....\$10

(f) filing of a membership contract package.....\$25

tgt--fitting--annual--report--a--fee--of--20--cents--for--each

individual--or--family--unit--the--corporation--covered--at--the

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	646,250	660,000
Total additional revenues	<u>2,114,250</u>	<u>2,319,000</u>
Less: Implementation costs of the Workers' Compensation Division	33,000	0
Net additional revenue to the State General Fund	<u>\$2,081,250</u>	<u>\$2,319,000</u>

Richard A. Drury Jr.
 BUDGET DIRECTOR
 Office of Budget and Program Planning
 Date: 2/24/79

STATE OF MONTANA

FISCAL NOTE

Request No. 409-79 Amended

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.

Richard A. Daugherty
BUDGET DIRECTOR
Office of Budget and Program Planning
Date: 7/3/79

HOUSE BILL NO. 873

INTRODUCED BY FABREGA, HUENNEKENS

BY REQUEST OF THE HOUSE TAXATION COMMITTEE

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

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

13 NEW SECTION--Section 1--Tax-on-fees-or-dues--paid--to
14 health--service--corporations--(2)--There-is-a-tax-imposed-on
15 the-fees-or-dues-paid-to-a-health-service-corporations

21 ~~THE TAX IMPOSED BY SUBSECTION (1) DOES NOT APPLY~~
22 ~~FEES OR CHARGES PAID BY AN INDIVIDUAL WHO IS 62 YEARS OR~~
23 ~~ELDER~~

1. the-secret-fund

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

5 (2) At-the-time-set-by-the-division-for-the-payment-of
6 the-prentuus-under-39-73-2363, each-employer--shall--pay--to
7 the--division--a--tax--equal--to-2-3/4% of the--amount--of--the
8 prentuus.

17 Section-3---Section-33-38-284---MEA---is-amended-to-read
18 #33-38-284---Fee---{(1)}---Every---health---service
19 corporation---subject---to---the---provisions---of---this---chapter---shall
20 pay---the---following---fees---to---the---commissioner---for---enforcement
21 of---the---provisions---of---this---chapter
22 for---enrollment---representative's---license
23 {(1)}---application---for---original---license---including
24 examination---and---issuance---of---license-----#10
25 {(1)}---annual---renewal-----#5

1 {b}--fitting-any-other-statement-or-report*****
2 {c}--for-a--certified--copy--of--any-document-or-other
3 paper-fitted-in-the-office-of-the-commissioner--per-page-\$1.50
4 {d}--for-the-certificate--and--for--affixing--the--seal
5 thereto*****
6 {e}--fitting-of-a-membership-contract*****
7 {f}--fitting-of-a-membership-contract-package*****
8 {g}--fitting--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-fitting-of-an-annual
12 report-is-\$100.
13 {z}--The-commissioner-shall-promptly-deposit--with--the
14 state--treasurer--to-the-credit-of-the-general-fund-all-fees
15 and-taxes-received-by-him-under-this-sections"

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-45v--Repealer----Section--33-38-203v--MCAv--+
21 Repeated

22 Section 3. Codification. {b} Section 1 is-intended--to
23 be-codified-as-an-integral-part-of-title-33v-chapter-38v
24 {c}--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

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO TAX--FEES--OR--DUES
6 PAID--TO--A--HEALTH--SERVICE--CORPORATION--AND--PREMIUMS--PAID--BY--AN
7 EMPLOYER--UNDER--COMPENSATION--PLAN--NO--3--OF--THE--WORKERS--
8 COMPENSATION--ACT--IN--THE--SAME--MANNER--AS--OTHER--INSURANCE
9 PREMIUMS--ARE--TAXED--AMENDING--SECTION--33--30--204--MEAS--AND
10 REPEALING--SECTION--33--30--203--MEAS--REQUIRE--HEALTH--SERVICE
11 CORPORATIONS--TO--FILE--ANNUAL--STATEMENTS."

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

14 NEW SECTION--Section 1--Tax on fees or dues paid to
15 health-service-corporations--{(1) There is a tax imposed on
16 the fees or dues paid to a health-service-corporation
17 (2) At the time prescribed for fitting the report
18 required by 33-38-202v each health-service-corporation shall
19 pay to the commissioner a tax equal to 2-3/4% of the amount
20 of all dues or fees collected from its members during the
21 previous fiscal year.

22 ~~THE TAX IMPOSED BY SUBSECTION (1) DOES NOT APPLY~~
23 ~~TO FEES ON DUES PAID BY AN INDIVIDUAL WHO IS 62 YEARS OR~~
24 ~~OLDER~~
25 ~~Money received from the collection of the tax~~

1 imposed--by--this--section--shall--be--deposited--to--the--credit--of
2 the--general--funds

3 NEW SECTION--Section--is--tax--on--premiums--paid--under
4 plans--{(1)}--There--is--a--tax--imposed--on--all--premiums--paid--to
5 the--division--under--compensation--plan--Nov--3.

6 {(2)}--At--the--time--set--by--the--division--for--the--payment--of
7 the--premiums--under--39--71--2303v--each--employer--shall--pay--to
8 the--division--a--tax--equat--to--2-3/4%--of--the--amount--of--the
9 premium

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

18 Section--3--Section--33--30--204v--MEA--is--amended--to--read--
19 "33--30--204v--Fees--{(1)}--Every--health--service
20 corporation--subject--to--the--provisions--of--this--chapter--shall
21 pay--the--following--fees--to--the--commissioner--for--enforcement
22 of--the--provisions--of--this--chapter--
23 {(1)}--enrollment--representative's--license
24 {(2)}--application--for--original--license--including
25 examination--and--issuance--of--license--*****

1 (t) annual renewal-----5
 2 (b) fitting any other statement or report-----2
 3 (c) for a certified copy of any document or other
 4 paper fitted in the office of the commissioner per page \$1.50
 5 (d) for the certificate and for affixing the seal
 6 thereto-----2
 7 (e) fitting of a membership contract-----10
 8 (f) fitting of a membership contract package-----25
 9 (g) fitting 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 fitting of an annual
 13 report is \$2.00.

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 him under this section."

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 N.A.I.C. with the commissioner of insurance.

22 Section 45. Repealed. Section 33-30-203, MCA, is
 23 repealed.

24 Section 2. Codification. (1) Section 1 is intended to
 25 be codified as an integral part of title 33, chapter 30.

1 (2) Section 2 is intended to be codified as an
 2 integral part of Title 33, 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"