

HOUSE BILL NO. 917

2/21 Introduced
2/21 Referred to Taxation
2/23 Fiscal Note Requested
2/27 Fiscal Note Received
3/05 Hearing
3/06 Adverse Committee Report
3/08 Bill Killed

1 HOUSE BILL NO. 917
2 INTRODUCED BY Stephen Mark Thomas
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW A CREDIT
5 AGAINST PREMIUM TAX LIABILITY FOR FOREIGN INSURERS THAT
6 MAINTAIN A REGIONAL BRANCH OFFICE IN THIS STATE; AND
7 PROVIDING A DELAYED EFFECTIVE DATE."
8

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

10 Section 1. Regional branch offices -- credit against
11 premium tax liability. (1) A foreign insurer that is
12 subject to the taxes imposed by 33-2-705 and which maintains
13 and substantially occupies any building in this state as a
14 regional branch office, as defined in subsection (4), is
15 entitled to a credit against such tax in an amount equal to
16 50% of the amount of the tax determined under 33-2-705.

17 (2) A foreign insurer shall, on or before March 1 of
18 each year, on forms to be prescribed by the commissioner,
19 furnish proof that it maintained and substantially occupied
20 a regional branch office in this state. Upon receipt of such
21 proof, the commissioner shall grant the insurer the credit
22 provided for in subsection (1) with respect to the taxes
23 imposed by 33-2-705 that accrued during such calendar year
24 and which are payable on or before March 1. With respect to
25 only the calendar year in which a foreign insurer first

1 establishes a regional branch office in this state, if the
2 proof filed with the commissioner on or before March 1 of
3 the succeeding year shows to the satisfaction of the
4 commissioner that the insurer established the regional
5 branch office in this state on or prior to August 1 of such
6 calendar year and substantially occupied and maintained the
7 office during the remainder of the calendar year, the
8 insurer is entitled to the credit provided in this section
9 as fully as though the insurer had maintained and
10 substantially occupied the office during the entire period
11 of such calendar year.

12 (3) Each of two or more insurers are entitled to the
13 credit provided for in this section if each is subject to
14 the tax imposed by 33-2-705 and both:

15 (a) are under common ownership or management and
16 control;

17 (b) jointly maintain, and in the aggregate
18 substantially occupy, any building in this state as a
19 regional branch office; and

20 (c) meet all requirements of subsections (1) and (2).

21 (4) As used in this section, the following definitions
22 apply:

23 (a) "Common ownership or management and control" in
24 relation to any two or more foreign insurers means actual
25 ultimate common control of two or more foreign insurance



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1 corporations in one corporation based on stock ownership or
2 agreements or the exercise of control of both corporations
3 by one board of directors or controlling faction of the
4 boards of directors of both insurers.

5 (b) "Regional branch office" means an office with an
6 annual payroll in this state of at least \$750,000 and which
7 performs the selling, underwriting, issuing, and servicing
8 of insurance, including the following related functions:

9 (i) approval or rejection of applications for
10 insurance and issuance of insurance policies;

11 (ii) approval of payment of all types of claims,
12 primarily through a full-time claims staff;

13 (iii) maintenance of records to provide policyholder
14 information and services; and

15 (iv) supervision and training of sales and service
16 forces.

17 Section 2. Extension of authority. Any existing
18 authority of the commissioner of insurance to make rules on
19 the subject of the provisions of this act is extended to the
20 provisions of this act.

21 Section 3. Codification instruction. Section 1 is
22 intended to be codified as an integral part of Title 33,
23 chapter 2, part 7, and the provisions of Title 33, chapter
24 2, part 7, apply to section 1.

25 Section 4. Effective date. This act is effective March

1 1, 1987.

-End-

STATE OF MONTANA

REQUEST NO. FNN506-85

FISCAL NOTE

Form BD-15

In compliance with a written request received February 25 19 85, there is hereby submitted a Fiscal Note for H.B. 917 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). 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:

House Bill 917 is an act to allow a credit against Premium Tax Liability for Foreign Insurers that maintain a Regional Branch Office in this state; and providing a delayed effective date.

ASSUMPTIONS:

1. There are assumed to be a minimum of four (4) companies eligible to receive the tax benefit.
2. Assume Premium Tax remains constant for those four (4) companies identified for FY86 and FY87.
3. The number of new companies qualifying for the credit under the act is undeterminable.
4. No additional expenditures assumed.
5. Bill is effective March 1, 1987.

REVENUE IMPACT:

	<u>Current Law</u>	<u>FY1987 Proposed Law</u>	<u>Difference</u>
Premium Tax Collections	\$ <u>1,421,344</u>	\$ <u>710,672</u>	\$ <u>710,672</u>
TOTAL Revenue Decrease to the General Fund		\$ 710,672	

David L. Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 27, 1985

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