

By: Minor

To: Finance

SENATE BILL NO. 2576

1 AN ACT TO AMEND SECTIONS 27-15-103 AND 27-15-109, MISSISSIPPI
2 CODE OF 1972, TO PROVIDE THAT THE PREMIUM TAXES IMPOSED ON THE
3 GROSS AMOUNT OF PREMIUMS COLLECTED BY CERTAIN INSURANCE COMPANIES
4 SHALL BE LOWER THAN THREE PERCENT; AND FOR RELATED PURPOSES.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

6 SECTION 1. Section 27-15-103, Mississippi Code of 1972, is
7 amended as follows:[MS1]

8 27-15-103. (1) Except as otherwise provided in Section
9 83-61-11, in addition to the license tax now or hereafter provided
10 by law, which tax shall be paid when the company enters or is
11 admitted to do business in this state, there is hereby levied and
12 imposed upon all foreign insurance companies and associations,
13 including life insurance companies and associations, health,
14 accident and industrial insurance companies and associations, fire
15 and casualty insurance companies and associations, and all other
16 foreign insurance companies and associations of every kind and
17 description, an additional annual license or privilege tax
18 on * * * the gross amount of premium receipts received from, and
19 on insurance policies and contracts written in, or covering risks
20 located in this state, except for premiums received on policies
21 issued to fund a deferred compensation plan qualified under
22 Section 457 of the Federal Tax Code for federal tax exemption. In

23 determining the amount of premiums, there shall be deducted
24 therefrom premiums received for reinsurance from companies
25 authorized to do business in this state, cash dividends paid under
26 policy contracts in this state, and premiums returned to
27 policyholders and cancellations on accounts of policies not taken,
28 and, in the case of mutual insurance companies (including
29 interinsurance and reciprocal exchanges, but not including mutual
30 life, accident, health or industrial insurance companies) any
31 refund made or credited to the policyholder other than for losses.
32 The term "premium" as used herein shall also include policy fees,
33 membership fees, and all other fees collected by the companies.
34 No credit or deduction from gross premium receipts shall be
35 allowed for any commission, fee or compensation paid to any agent,
36 solicitor or representative. Provided, however, that any foreign
37 insurance carrier selected to furnish service to the State of
38 Mississippi under the State Employees Life and Health Insurance
39 Plan shall not be required to pay the annual license or privilege
40 tax on the premiums collected for coverage under the * * * plan.

41 (2) Except as provided in subsection (3) of this section,
42 the rate of tax under this section shall be three percent (3%).

43 (3) The rate of tax applicable to foreign life insurance
44 companies and associations and foreign health, accident and
45 industrial insurance companies and associations is as follows:

<u>For Premiums Received</u>	<u>Rate</u>
<u>During the calendar year 2001 and</u>	
<u>each calendar year before</u>	<u>3.0%</u>
<u>During the calendar year 2002</u>	<u>2.75%</u>
<u>During the calendar year 2003</u>	<u>2.5%</u>
<u>During the calendar year 2004</u>	<u>2.25%</u>
<u>During the calendar year 2005 and</u>	
<u>each calendar year thereafter</u>	<u>2.0%</u>

54 (4) In the event that the Mississippi Supreme Court or
55 another court finally adjudicates that any tax levied prior to
56 July 1, 1985, under the provisions of this section was collected
57 unconstitutionally and that a liability for a credit or refund for
58 such collection has accrued, then the rate of tax set forth above
59 shall be increased to four percent (4%) for a period of six (6)
60 years beginning July 1 following such adjudication.

61 (5) The taxes herein levied and imposed * * * shall be
62 reduced by the net amount of income tax paid to this state for the
63 preceding calendar year; however, in no event may the credit be
64 taken more than once. The credit herein authorized shall, in no
65 event, be greater than the premium tax due under this section, it
66 being the purpose and intent of this paragraph that whichever of
67 the annual insurance premium tax or the income tax is greater in
68 amount shall be paid.

69 SECTION 2. Section 27-15-109, Mississippi Code of 1972, is
70 amended as follows:[MS2]

71 27-15-109. (1) Except as otherwise provided in Section
72 83-61-11, there is hereby levied and imposed upon each domestic
73 company doing business in this state an annual tax on * * * the
74 gross amount of premiums collected by such domestic company on
75 insurance policies and contracts written in, or covering risks
76 located in this state, except for premiums received on policies
77 issued to fund a retirement, thrift or deferred compensation plan
78 qualified under Section 401, Section 403 or Section 457 of the
79 Federal Tax Code for federal tax exemption. Provided, however,
80 that a domestic insurance company against which is levied
81 additional premium tax under retaliatory laws of other states in

82 which it does business, as a result of the tax * * * provided by
83 Sections 27-15-103 through 27-15-117, may deduct the total of such
84 additional retaliatory tax from the state income tax due by it to
85 the State of Mississippi. The insurance carriers selected to
86 furnish service to the State of Mississippi, under the State
87 Employees Life and Health Insurance Plan, shall not be required to
88 pay the premium tax levied against insurance companies under this
89 section on the premiums collected for coverage under the state
90 employees plan.

91 (2) Except as provided in subsection (3) of this section,
92 the rate of tax under this section shall be three percent (3%).

93 (3) The rate of tax applicable to domestic life insurance
94 companies and associations and domestic health, accident and
95 industrial insurance companies and associations is as follows:

<u>For Premiums Received</u>	<u>Rate</u>
<u>During the calendar year 2001 and</u>	
<u>each calendar year before</u>	<u>3.0%</u>
<u>During the calendar year 2002</u>	<u>2.75%</u>
<u>During the calendar year 2003</u>	<u>2.5%</u>
<u>During the calendar year 2004</u>	<u>2.25%</u>
<u>During the calendar year 2005 and</u>	
<u>each calendar year thereafter</u>	<u>2.0%</u>

104 (4) Except as expressly provided by subsection (1) of this
105 section, all of the provisions of Sections 27-15-103 through
106 27-15-117 shall be applicable to such domestic insurance
107 companies. However, the statement filed with the State Tax
108 Commission by domestic insurance companies as provided in Section
109 27-15-107 shall include therein a sworn statement of all

110 additional retaliatory premium taxes paid by them to other states
111 as a result of the * * * taxes imposed by Sections 27-15-103
112 through 27-15-117, itemized by states to which paid.

113 (5) In the event that the Mississippi Supreme Court or
114 another court finally adjudicates that any tax levied prior to
115 July 1, 1985, under the provisions of this section was collected
116 unconstitutionally and that a liability for a credit or refund for
117 such collection has accrued, then the rate of tax set forth above
118 shall be increased to four percent (4%) for a period of six (6)
119 years beginning July 1 following such adjudication.

120 SECTION 3. Nothing in this act shall affect or defeat any
121 claim, assessment, appeal, suit, right or cause of action for
122 taxes due or accrued under the statewide privilege tax laws before
123 the date on which this act becomes effective, whether such claims,
124 assessments, appeals, suits or actions have been begun before the
125 date on which this act becomes effective or are begun thereafter;
126 and the provisions of the statewide privilege tax laws are
127 expressly continued in full force, effect and operation for the
128 purpose of the assessment, collection and enrollment of liens for
129 any taxes due or accrued and the execution of any warrant under
130 such laws before the date on which this act becomes effective, and
131 for the imposition of any penalties, forfeitures or claims for
132 failure to comply with such laws.

133 SECTION 4. This act shall take effect and be in force from
134 and after January 1, 2000.