

By: Representative Williams

To: Ways and Means

## HOUSE BILL NO. 579

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:

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 on the  
18 gross amount of premium receipts received from, and on insurance  
19 policies and contracts written in, or covering risks located in  
20 this state, except for premiums received on policies issued to  
21 fund a deferred compensation plan qualified under Section 457 of  
22 the Federal Tax Code for federal tax exemption. In determining  
23 the amount of premiums, there shall be deducted therefrom premiums  
24 received for reinsurance from companies authorized to do business  
25 in this state, cash dividends paid under policy contracts in this  
26 state, and premiums returned to policyholders and cancellations on  
27 accounts of policies not taken, and, in the case of mutual

28 insurance companies (including interinsurance and reciprocal  
29 exchanges, but not including mutual life, accident, health or  
30 industrial insurance companies) any refund made or credited to the  
31 policyholder other than for losses. The term "premium" as used  
32 herein shall also include policy fees, membership fees, and all  
33 other fees collected by the companies. No credit or deduction  
34 from gross premium receipts shall be allowed for any commission,  
35 fee or compensation paid to any agent, solicitor or  
36 representative. Provided, however, that any foreign insurance  
37 carrier selected to furnish service to the State of Mississippi  
38 under the State Employees Life and Health Insurance Plan shall not  
39 be required to pay the annual license or privilege tax on the  
40 premiums collected for coverage under the \* \* \* plan.

41 (2) Except as provided in subsections (3) and (4) of this  
42 section, the rate of tax under this section shall be three percent  
43 (3%).

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

<u>For Premiums Received</u>	<u>Rate</u>
<u>During the calendar year 2000 and</u>	
<u>each calendar year before</u>	<u>3.0%</u>
<u>During the calendar year 2001</u>	<u>2.75%</u>
<u>During the calendar year 2002</u>	<u>2.5%</u>
<u>During the calendar year 2003</u>	<u>2.25%</u>
<u>During the calendar year 2004 and</u>	
<u>each calendar year thereafter</u>	<u>2.0%</u>

55 (4) Premiums received for individual life insurance policies  
56 in a face amount of Five Thousand Dollars (\$5,000.00) or less  
57 shall be taxed at the rate of one-half of one percent (0.5%).

58 Premiums received for individual life insurance policies in a face  
59 amount greater than Five Thousand Dollars (\$5,000.00) and up to  
60 and including Twenty-five Thousand Dollars (\$25,000.00) shall be  
61 taxed at the rate of one percent (1%). For purposes of computing  
62 the face amount of life insurance policies under this subsection  
63 (4), coverage under group life insurance policies shall be  
64 excluded, and all individual life insurance policies issued within

65 sixty (60) days of another such policy on the life of the same  
66 applicant or applicants shall be treated as one (1) policy.

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

74       (6) The taxes herein levied and imposed \* \* \* shall be  
75 reduced by the net amount of income tax paid to this state for the  
76 preceding calendar year; however, in no event may the credit be  
77 taken more than once. The credit herein authorized shall, in no  
78 event, be greater than the premium tax due under this section, it  
79 being the purpose and intent of this paragraph that whichever of  
80 the annual insurance premium tax or the income tax is greater in  
81 amount shall be paid.

82       SECTION 2. Section 27-15-109, Mississippi Code of 1972, is  
83 amended as follows:

84       27-15-109. (1) Except as otherwise provided in Section  
85 83-61-11, there is hereby levied and imposed upon each domestic  
86 company doing business in this state an annual tax on the gross  
87 amount of premiums collected by such domestic company on insurance  
88 policies and contracts written in, or covering risks located in  
89 this state, except for premiums received on policies issued to  
90 fund a retirement, thrift or deferred compensation plan qualified  
91 under Section 401, Section 403 or Section 457 of the Federal Tax  
92 Code for federal tax exemption. Provided, however, that a  
93 domestic insurance company against which is levied additional  
94 premium tax under retaliatory laws of other states in which it  
95 does business, as a result of the tax \* \* \* provided by Sections  
96 27-15-103 through 27-15-117, may deduct the total of such  
97 additional retaliatory tax from the state income tax due by it to

98 the State of Mississippi. The insurance carriers selected to  
99 furnish service to the State of Mississippi, under the State  
100 Employees Life and Health Insurance Plan, shall not be required to  
101 pay the premium tax levied against insurance companies under this  
102 section on the premiums collected for coverage under the state  
103 employees plan.

104 (2) Except as provided in subsections (3) and (4) of  
105 this section, the rate of tax under this section shall be three  
106 percent (3%).

107 (3) The rate of tax applicable to domestic life insurance  
108 companies and associations and domestic health, accident and  
109 industrial insurance companies and associations is as follows:

<u>For Premiums Received</u>	<u>Rate</u>
<u>During the calendar year 2000 and</u>	
<u>each calendar year before</u>	<u>3.0%</u>
<u>During the calendar year 2001</u>	<u>2.75%</u>
<u>During the calendar year 2002</u>	<u>2.5%</u>
<u>During the calendar year 2003</u>	<u>2.25%</u>
<u>During the calendar year 2004 and</u>	
<u>each calendar year thereafter</u>	<u>2.0%</u>

118 (4) Premiums received for individual life insurance policies  
119 in a face amount of Five Thousand Dollars (\$5,000.00) or less  
120 shall be taxed at the rate of one-half of one percent (0.5%).

121 Premiums received for individual life insurance policies in a face  
122 amount greater than Five Thousand Dollars (\$5,000.00) and up to  
123 and including Twenty-five Thousand Dollars (\$25,000.00) shall be  
124 taxed at the rate of one percent (1%). For purposes of computing  
125 the face amount of life insurance policies under this subsection  
126 (4), coverage under group life insurance policies shall be  
127 excluded, and all individual life insurance policies issued within  
128 sixty (60) days of another such policy on the life of the same  
129 applicant or applicants shall be treated as one (1) policy.

130 (5) Except as expressly provided by subsection (1) of this

section, all of the provisions of Sections 27-15-103 through 27-15-117 shall be applicable to such domestic insurance companies. However, the statement filed with the State Tax Commission by domestic insurance companies as provided in Section 27-15-107 shall include therein a sworn statement of all additional retaliatory premium taxes paid by them to other states as a result of the \* \* \* taxes imposed by Sections 27-15-103 through 27-15-117, itemized by states to which paid.

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

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

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