

STATEMENT OF PURPOSE

RS26425

Currently insurance companies report and pay premium tax including cents. Considerable time and effort is spent by staff for insurance companies and the Department of Insurance to prepare and audit tax returns and other reports to the specific penny. These efforts are not commensurate with the value gained by such level of detail. This legislation would require premium tax returns from insurers to be rounded up or down to the nearest whole dollar. A similar change is made to require surplus lines brokers to report and pay tax rounded up or down to the nearest whole dollar.

FISCAL NOTE

There is a potential for a relatively small fiscal impact to the General Fund. A calculation for tax year 2017 with premium tax collections of \$89,396,602.45 show an additional \$22.68 in revenue using the nearest whole dollar (49/50) rounding.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).