

UPDATED
SESSION OF 2007

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2115

As Recommended by House Committee on
Insurance and Financial Institutions

Brief*

HB 2115 would amend the premium tax collection method for workers compensation group-funded pools. Under the bill, the labor group-funded pools would be permitted to collect in the same manner as municipal group-funded pools, rather than the current calculation based on estimated premiums. The premium tax is to be based upon the annual Kansas gross premium collected by the pool (at the currently established rate of 1 percent per annum) as applied to the collective premium relating to all Kansas members of the pool from the previous fiscal year. The tax is to be paid no later than 90 days after the end of each fiscal year.

Background

HB 2115 was requested by the Insurance Commissioner whose representative indicated that the Department believes that collecting the premium tax upon the actual premium collected is a more accurate representation of the money that comes into the workers compensation group-funded pools. The tax collected is necessary to cover the administration of the pools for the following year. The bill was supported by the Kansas Self-Insurers Association.

The corrected fiscal note (made available when the Senate Committee took action on the bill) prepared by the Division of the Budget indicates that based on a comparison of estimated

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

premiums and taxable premiums as reported on premium tax returns, the Kansas Insurance Department has concluded that passage of the bill would reduce aggregate premium tax revenues by approximately \$60,000 per year, which the Department does not consider a long-term fiscal effect.

The original fiscal note indicated that passage of the bill would have resulted in increased revenues according to the Kansas Insurance Department. Any effect resulting from the passage of this bill would be in addition to the amounts included in *The FY 2008 Governor's Budget Report*.