

SESSION OF 2023

SUPPLEMENTAL NOTE ON SENATE BILL NO. 19

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 19 would amend provisions pertaining to premium taxes paid by municipal group-funded liability pools and group-funded workers' compensation pools to change the basis upon which the premium taxes for these pools are calculated.

The bill would change, from fiscal year to calendar year, the basis upon which the 1.0 percent annual premium tax is paid. (Under both the bill and current law, the premium tax is based on the annual gross premium collected by the pool for the preceding year. Payment must be made no later than 90 days after the conclusion of each year.)

The bill would also make technical changes.

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Kansas Insurance Department (Department). [Note: A companion bill, HB 2096, has been introduced in the House.]

*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>

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, a representative of the Department provided **proponent** testimony, stating the bill would better align the statute with the Department's business practices and eliminate the ambiguity concerning the definition of "fiscal year." The representative noted, of the 17 group-funded pools transacting business in Kansas, 12 pools conclude their respective fiscal years on December 31. Consistent with a filing date of 90 days after the end of the reporting year, the filing date would become March 31.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the Department states the bill would shift when these premium taxes are collected, which could affect the total amount collected in the first years as those pools make payment adjustments. The Department indicates it cannot estimate the net change because each company's fiscal year is different. Any fiscal effect associated with the bill is not reflected in *The Governor's FY 2024 Report*.

Insurance; group-funded pools; premium tax collection