

State of South Dakota

EIGHTY-FIFTH SESSION LEGISLATIVE ASSEMBLY, 2010

834R0324

HOUSE BILL NO. 1124

Introduced by: Representatives Lange and Feickert and Senator Kloucek

1 FOR AN ACT ENTITLED, An Act to repeal the premium and annuity tax imposed on
2 insurance companies.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 10-44-2 be repealed.

5 ~~—10-44-2. Any company doing insurance business in this state shall pay a tax at the rates~~
6 ~~specified in this section. The tax shall be paid to the Division of Insurance at the time the~~
7 ~~company files its annual statement, or, if no annual statement is required, then before March~~
8 ~~first of each year.~~

9 ~~—If, during the previous year, a company paid more than five thousand dollars in premium~~
10 ~~taxes in this state, the company shall submit payments equal to one-quarter of the previous year's~~
11 ~~premium taxes to the Division of Insurance on April thirtieth, July thirty-first, October thirty-~~
12 ~~first, and January thirty-first. The quarterly payments shall be credited against the amount due~~
13 ~~from the company at the time the company files its annual statement, or if no annual statement~~
14 ~~is required, then on March first of each year. The director of the Division of Insurance may~~
15 ~~waive the requirement in writing for quarterly payments or reduce the amount of deposit if the~~



1 ~~director finds the requirement would impose an undue premium tax on a company because of~~
2 ~~a significant decline in sales within the state. If the sum of the quarterly payments exceeds the~~
3 ~~total taxes due, the director shall credit the overpayment against subsequent amounts due or, if~~
4 ~~requested in writing at the time the company files its annual statement, refund the overpayment~~
5 ~~to the company. If the overpayment cannot be credited, there is excess remaining after the credit~~
6 ~~is taken on the annual statement, or the refund is not requested, the division may refund the~~
7 ~~amount overpaid by May first of the following year. The rates are:~~

8 ~~—— (1) — On each domestic company, two and one-half percent of premiums, except for life~~
9 ~~insurance policies, other than credit life as defined in chapter 58-19, of a face amount~~
10 ~~of seven thousand dollars or less, for which the rate is one and one-fourth percent of~~
11 ~~premiums; and one and one-fourth percent of the consideration for annuity contracts.~~

12 ~~However, the rate for life insurance and annuities shall be computed as follows:~~

13 ~~———— (a) — Two and one-half percent of premiums for a life policy on the first one~~
14 ~~hundred thousand dollars of annual premium, and eight one-hundredths of a~~
15 ~~percent for that portion of a policy's annual life premiums exceeding one~~
16 ~~hundred thousand dollars; and~~

17 ~~———— (b) — One and one-fourth percent of the consideration for an annuity contract on the~~
18 ~~first five hundred thousand dollars of consideration, and eight one-hundredths~~
19 ~~of a percent for that portion of the consideration on an annuity contract~~
20 ~~exceeding five hundred thousand dollars.~~

21 ~~———— The tax also applies to premiums for insurance written on individuals residing~~
22 ~~outside this state or property located outside this state if no comparable tax is paid~~
23 ~~by the direct writing company to any other appropriate taxing authority. However, the~~
24 ~~tax applies only to premiums for insurance written after July 1, 1980, on individuals~~

1 residing outside of the United States;

2 ~~— (2) — On each foreign company the rate shall be computed as follows:~~

3 ~~—— (a) — Two and one-half percent of premiums, except for life insurance policies,~~
4 ~~other than credit life as defined in chapter 58-19, of a face amount of seven~~
5 ~~thousand dollars or less, for which the rate is one and one-fourth percent of~~
6 ~~premiums;~~

7 ~~—— (b) — Two and one-half percent of premiums for a life policy on the first one~~
8 ~~hundred thousand dollars of annual premium, and eight one-hundredths of a~~
9 ~~percent for the portion of a policy's annual life premiums exceeding one~~
10 ~~hundred thousand dollars; and~~

11 ~~—— (c) — One and one-fourth percent of the consideration for an annuity contract on the~~
12 ~~first five hundred thousand dollars of consideration, and eight one-hundredths~~
13 ~~of a percent for that portion of the consideration on an annuity contract~~
14 ~~exceeding five hundred thousand dollars;~~

15 ~~— (3) — On each insurer not licensed or not authorized to do business in this state the rate~~
16 ~~shall be computed as follows:~~

17 ~~—— (a) — Two and one-half percent of premiums, except for life insurance policies,~~
18 ~~other than credit life as defined in chapter 58-19, of a face amount of seven~~
19 ~~thousand dollars or less, for which the rate is one and one-fourth percent of~~
20 ~~premiums;~~

21 ~~—— (b) — Two and one-half percent of premiums for a life policy on the first one~~
22 ~~hundred thousand dollars of annual premium, and eight one-hundredths of a~~
23 ~~percent for that portion of a policy's annual life premiums exceeding one~~
24 ~~hundred thousand dollars; and~~

1 ~~(c) One and one-fourth percent of the consideration for an annuity contract on the~~
2 ~~first five hundred thousand dollars of consideration, and eight one-hundredths~~
3 ~~of a percent for that portion of the consideration on an annuity contract~~
4 ~~exceeding five hundred thousand dollars;~~

5 ~~(4) Fourteen dollars for each insurance policy issued or renewed for workers'~~
6 ~~compensation coverage.~~

7 ~~Revenue from subdivision (4) of this section shall be deposited in the insurance operating~~
8 ~~fund of the state treasury and is dedicated to the Department of Labor for purposes of~~
9 ~~automating the administration of the workers' compensation law and supporting the Workers'~~
10 ~~Compensation Advisory Council.~~

11 Section 2. That §§ 10-44-1 and 10-44-1.1 and §§ 10-44-2.1 to 10-44-16, inclusive, be
12 repealed.