

SENATE, No. 2096

STATE OF NEW JERSEY
214th LEGISLATURE

INTRODUCED JUNE 21, 2010

Sponsored by:
Senator GERALD CARDINALE
District 39 (Bergen)

SYNOPSIS

Concerns certain taxes and assessments dedicated to the administrative costs of the DOBI.

CURRENT VERSION OF TEXT

As introduced.



S2096 CARDINALE

1 AN ACT concerning certain taxes and assessments dedicated to the
2 administrative costs of the Department of Banking and Insurance
3 and amending P.L.1945, c.132 and P.L.1995, c.156.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

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8 1. Section 13 of P.L.1995, c.156 (C.17:1C-31) is amended to
9 read as follows:

10 13. Commencing with fiscal year 1999 and in each fiscal year
11 thereafter, the total amount assessable to companies in any fiscal
12 year for all special purpose assessments made pursuant to
13 applicable law as of the effective date of this act, including the
14 special purpose apportionment established by this act, shall not
15 exceed **[0.20]** 0.25 percent of the combined net written premiums
16 received, as defined in subsection b. of section 2 of this act, by all
17 companies for the previous year.

18 (cf: P.L.1999, c.143, s.2)

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20 2. Section 2 of P.L.1945, c.132 (C.54:18A-2) is amended to
21 read as follows:

22 2. (a) The tax specified in subsection (a) of section 1 of this
23 act, except as to life insurance companies and except as to marine
24 insurance as described by chapter 16 of Title 54 of the Revised
25 Statutes, shall, except as hereinafter provided, be 2% upon the
26 taxable premiums collected by such company during the year
27 ending December 31 next preceding on all business of the company
28 in this State, less the amount of taxes on its property, exclusive of
29 taxes on real estate and of taxes payable pursuant to this section,
30 paid in this State by the company pursuant to any law of this State
31 during the said year. Any taxes paid to the treasurer of any
32 firemen's relief association of this State pursuant to R.S.54:18-1
33 shall be considered a part of the tax payable under this act. An
34 additional tax of 0.1% upon such taxable premiums of such insurers
35 shall also be paid **[**, which amount shall be dedicated to the
36 Department of Banking and Insurance for payment of
37 administrative costs related to its statutory duties**]**.

38 (b) Taxable premiums, collected after December 31, 1965 by an
39 insurance company subject to the provisions of subsection (a)
40 hereof under group accident and health insurance policies on
41 residents of this State, and taxable premiums collected under legal
42 insurance policies as defined in section 3 of P.L.1981, c.160
43 (C.17:46C-3) on residents of this State, shall be subject to tax at the
44 following rates:

45	As to taxes payable in 1967	1 3/4 %
46	As to taxes payable in 1968	1 1/2 %
47	As to taxes payable in 1969	1 1/4 %
48	As to taxes payable in 1970 through 2008	1 %

STATEMENT

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This bill eliminates the current dedication of certain insurance premium taxes to the Department of Banking and Insurance for the payment of administrative costs related to its statutory duties. Instead, the revenue from these taxes would now be retained in the General Fund and an equal amount of revenue would be generated for those administrative costs of the department through an increase in the special purpose assessment charged insurance carriers pursuant to P.L.1995, c.156 (C.17:1C-19 et seq.).

Under sections 2 and 3 of P.L.1945, c.132 (C.54:18A-2, and C.54:18A-3), certain established insurance premium taxes, reported as “FAIR Act Administration” taxes in the FY2011 Budget Recommendation, are dedicated to department administrative costs: a tax of 0.1 percent, upon taxable premiums of insurance carriers, (except those carriers that are marine insurance companies, health maintenance organizations (HMOs), group accident and health insurance companies, and legal insurance companies); and, a tax of 0.05 percent, upon taxable premiums of group accident and health insurance companies and legal insurance companies.

The revenue from the “FAIR Act Administration” taxes currently is collected by the Department of Treasury from the insurers and then transferred to the department for administrative expenses. The amounts so collected effectively reduce the total amount collected through the special purpose assessment established pursuant to P.L.1995, c.156 (C.17:1C-19 et seq.).

The special purpose assessment is charged to all insurers writing most classes of insurance in the State for funding the activities of the Division of Insurance in regulating, monitoring and supervising these carriers. The assessment of each carrier is based on the proportion that its net written premiums for the preceding calendar year bears to the combined net written premiums of all carriers in the preceding year, except that no carrier is currently required to pay an assessment that exceeds 0.20 percent of its net written premium.

The bill would also permit an increase in the maximum amount (“caps”) assessable to companies for the special purpose assessment from the current 0.20 percent to 0.25 percent of combined net written premiums received by all companies for the previous year to ensure adequate industry funding for the department’s administrative costs going forward.

Therefore, pursuant to the changes proposed in this bill, the revenue from the “FAIR Act Administration” taxes would no longer be dedicated to the department’s administrative costs and the special purpose assessment would instead be the source of funding for the administration costs of the department.