

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 16-1123.01 Esther van Mourik x4215

SENATE BILL 16-165

SENATE SPONSORSHIP

Grantham,

HOUSE SPONSORSHIP

Young,

Senate Committees

Finance
Appropriations

House Committees

A BILL FOR AN ACT

101 CONCERNING THE REQUIREMENTS FOR AN INSURANCE COMPANY TO BE
102 DEEMED TO MAINTAIN A HOME OFFICE OR REGIONAL HOME
103 OFFICE IN THIS STATE FOR PURPOSES OF THE TAX ON INSURANCE
104 PREMIUMS COLLECTED BY THE INSURANCE COMPANY.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the March 17, 2016 reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Insurance companies are required to pay to the division of insurance a tax on the gross amount of all premiums collected or premiums contracted for on policies or contracts of insurance covering

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

property or risks in this state. The rate of the tax is reduced if the insurance company maintains a home office or a regional home office in this state. The bill modifies the requirements that an insurance company must meet in order to be deemed to maintain a home office or a regional home office in this state.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 10-3-209, **amend** (1)

3 (b) as follows:

4 **10-3-209. Tax on premiums collected - exemptions - penalties.**

5 (1) (b) (I) The rate of tax shall be as follows:

6 (A) For companies not exempted or charged a different rate of tax
7 by another provision of this section, the rate of tax on the gross amount
8 shall be:

9 **Premiums collected or**

10 **contracted for during:**

Rate of tax:

11 1996

2.20%

12 1997

2.15%

13 1998

2.10%

14 1999

2.05%

15 2000 and thereafter

2.00%

16 (B) For companies maintaining a home office or a regional home
17 office in this state, the rate of tax on the gross amount shall be one
18 percent.

19 (II) ~~(A)~~ For purposes of this paragraph (b), any ~~office in this state~~
20 ~~shall be~~ COMPANY IS deemed a company's TO MAINTAIN A home OFFICE or
21 regional home office IN THIS STATE if such ~~office~~ COMPANY EITHER:

22 (A) SUBSTANTIALY performs ~~substantially~~ IN THIS STATE the
23 following functions, OR SUBSTANTIALY EQUIVALENT FUNCTIONS, for the

1 company ~~in~~ FOR each state in which the company is licensed, or ~~in~~ FOR
2 three or more of such states: Actuarial, medical, legal, approval or
3 rejection of applications, issuance of policies, information and service,
4 advertising and publications, public relations, hiring, testing, and training
5 of sales and service forces; OR

6 (B) MAINTAINS SIGNIFICANT DIRECT INSURANCE OPERATIONS IN
7 THIS STATE THAT ARE SUPPORTED BY FUNCTIONAL OPERATIONS WHICH
8 ARE BOTH NECESSARY FOR AND PERTINENT TO A LINE OR LINES OF
9 BUSINESS WRITTEN BY THE COMPANY IN THIS STATE.

10 ~~(B)~~ (III) Any company desiring to qualify an office in this state as
11 a home or regional home office shall make application for qualification
12 to the commissioner on forms prescribed by the commissioner and shall
13 submit proof that it is operating a home or a regional home office in this
14 state. Applications for companies that were not approved in the
15 immediate preceding year shall be received by the commissioner by
16 December 31 of the year immediately preceding the year for which the
17 application for qualification is being made. Applications for companies
18 that were approved in the immediate preceding year shall be received by
19 the commissioner by March 1 of the year for which qualification is being
20 made. Applications for companies that were approved in the immediate
21 preceding year received through March 31 shall pay a late charge of one
22 hundred dollars per day for each day after March 1 that any such
23 application is received by the commissioner. Applications received after
24 March 31 shall be denied. The provisions of subsection (2) of this section
25 shall not apply to companies maintaining a home office or regional home
26 office in this state.

27 ~~(III)~~ The commissioner may consider for approval applications of

1 ~~companies that maintain significant direct insurance operations in~~
2 ~~Colorado and perform operational functions, for a line or lines of business~~
3 ~~written, substantially equivalent to those enumerated in subparagraph (H)~~
4 ~~of this paragraph (b).~~

5 **SECTION 2. Act subject to petition - effective date -**
6 **applicability.** (1) This act takes effect January 1, 2017; except that, if a
7 referendum petition is filed pursuant to section 1 (3) of article V of the
8 state constitution against this act or an item, section, or part of this act
9 within the ninety-day period after final adjournment of the general
10 assembly, then the act, item, section, or part will not take effect unless
11 approved by the people at the general election to be held in November
12 2016 and, in such case, will take effect on January 1, 2017, or on the date
13 of the official declaration of the vote thereon by the governor, whichever
14 is later.

15 (2) This act applies to applications or renewal applications for
16 home office or regional home office approval filed with the division of
17 insurance on or after the applicable effective date of this act.