

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2156

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 9-951, Arizona Revised Statutes, is amended to
3 read:

4 9-951. Disposition of fire insurance premium tax proceeds;
5 composition of fund

6 A. The proceeds of the annual tax provided by law on the gross amount
7 of all premiums received on policies and contracts of fire insurance covering
8 property within this state, after deducting cancellations, return premiums,
9 dividends and the amount received as reinsurance on business in this state,
10 are appropriated and set aside for distribution to cities and towns and
11 legally organized fire districts ~~which~~ THAT procure the services of private
12 fire companies and for the payment of benefits pursuant to this article,
13 article 4 of this chapter or title 38, chapter 5, article 4.

14 B. Not later than April 30, the state fire marshal shall certify to
15 the state treasurer the incorporated cities and towns having organized fire
16 departments, the incorporated cities and towns and legally organized fire
17 districts ~~which~~ THAT procure the services of a private fire company and the
18 areas served by legally organized fire districts, the department of insurance
19 shall certify to the state treasurer the respective amounts of tax on fire
20 premiums paid in the previous year for properties located in this state, and
21 the department of revenue shall certify to the state treasurer the full cash
22 value of the real property and improvements for the previous year in each
23 incorporated city and town and legally organized fire district ~~which~~ THAT
24 procures the services of a private fire company and in each area served by a
25 department or a legally organized fire district. The total amount of the tax
26 proceeds shall then be prorated among the several incorporated cities and
27 towns and legally organized fire districts in proportion to the full cash
28 value of the real property and improvements in each incorporated city and

1 town and legally organized fire district ~~which~~ THAT procures the services of
2 a private fire company and in each area served by a department or a legally
3 organized fire district to the total full cash value of all incorporated
4 cities and towns and legally organized fire districts ~~which~~ THAT procure the
5 services of a private fire company and incorporated cities and towns ~~which~~
6 THAT have a fire department and legally organized fire districts in this
7 state.

8 C. Each incorporated city or town having an organized fire department
9 and each legally organized volunteer fire district shall deduct five per cent
10 from the salaries or compensation of its fire fighters and add a like amount
11 from its general revenues. The employer or the employee may add a
12 contribution greater than that specified in this section to the fire
13 fighters' relief and pension fund. The total of the two amounts shall be
14 paid each month into the fire fighters' relief and pension fund. The
15 treasurer of each board shall keep a record of the salary deductions. If a
16 fire fighter dies under circumstances not entitling his dependents to a
17 benefit from the fire fighters' relief and pension fund, or if he becomes
18 separated from the service voluntarily or involuntarily without having become
19 eligible for retirement benefits thereunder, all deductions previously made
20 from his salary under this article shall become payable, plus interest as
21 determined by the board, to his beneficiary in the event of his death, or
22 otherwise to the fire fighter.

23 D. Payroll deductions made under ~~the provisions of~~ subsection C of
24 this section, plus any additional sums the board of trustees may add, shall
25 be set aside in a permanent reserve fund, the income of which, but no part of
26 the principal, shall be used to pay retirement benefits or relief, but, in
27 order to pay the refunds provided for in subsection C of this section, that
28 portion of the principal ~~which~~ THAT accrues from salary deductions may be
29 drawn upon when necessary.

30 E. For purposes of this section and section 9-952, full cash value of
31 real property and improvements for the previous year with respect to each
32 incorporated city and town which procures the services of a private fire

1 company shall be limited to thirty per cent of the amount certified by the
2 department of revenue and the percentage shall be utilized in computing the
3 entitlement of an incorporated city or town which procures the services of a
4 private fire company.

5 Sec. 2. Section 20-224, Arizona Revised Statutes, is amended to read:

6 20-224. Premium tax

7 A. On or before March 1 of each year each authorized domestic insurer,
8 each other insurer and each formerly authorized insurer referred to in
9 section 20-206, subsection B, shall file with the director a report in a form
10 prescribed by the director showing total direct premium income including
11 policy membership and other fees and all other considerations for insurance
12 from all classes of business whether designated as a premium or otherwise
13 received by it during the preceding calendar year on account of policies and
14 contracts covering property, subjects or risks located, resident or to be
15 performed in this state, after deducting from such total direct premium
16 income applicable cancellations, returned premiums, the amount of reduction
17 in or refund of premiums allowed to industrial life policyholders for payment
18 of premiums direct to an office of the insurer and all policy dividends,
19 refunds, savings coupons and other similar returns paid or credited to
20 policyholders within this state and not reapplied as premiums for new,
21 additional or extended insurance. No deduction shall be made of the cash
22 surrender values of policies or contracts. Considerations received on
23 annuity contracts, as well as the unabsorbed portion of any premium deposit,
24 shall not be included in total direct premium income, and neither shall be
25 subject to tax. The report shall separately indicate the total direct
26 premium income received from fire insurance premiums on property located in
27 an incorporated city or town that procures the services of a private fire
28 company. IN PREPARING THE REPORT EACH INSURER MAY RELY ON THE REPORT
29 PROVIDED BY THE STATE FIRE MARSHAL PURSUANT TO SECTION 9-951 AND NO INSURER
30 THAT RELIES ON THE REPORT SHALL BE LIABLE TO THE STATE OR ANY OTHER PERSON
31 RELATING TO THE SUBMISSION OF FIRE INSURANCE PREMIUM TAXES TO THE EXTENT THAT
32 IT RELIES IN GOOD FAITH ON THE REPORT.

1 B. Coincident with the filing of such tax report each insurer shall
2 pay to the director for deposit, pursuant to sections 35-146 and 35-147, a
3 tax of 2.0 per cent of such net premiums, except that the tax on fire
4 insurance premiums on property located in an incorporated city or town which
5 procures the services of a private fire company is .66 per cent, the tax on
6 all other fire insurance premiums is 2.2 per cent and the tax on health care
7 service and disability insurance premiums is as prescribed under sections
8 20-837, 20-1010 and 20-1060. Any payments of tax pursuant to subsection E of
9 this section shall be deducted from the tax payable pursuant to this
10 subsection. Each insurer shall reflect the cost savings attributable to the
11 lower tax in fire insurance premiums charged on property located in an
12 incorporated city or town that procures the services of a private fire
13 company.

14 C. Eighty-five per cent of the tax paid hereunder by an insurer on
15 account of premiums received for fire insurance shall be separately specified
16 in the report and shall be apportioned in the manner provided by sections
17 9-951, 9-952 and 9-972, except that all of the tax so allocated to a fund of
18 a municipality ~~which~~ THAT has no volunteer fire fighters or pension
19 obligations to volunteer fire fighters shall be appropriated to the account
20 of the municipality in the public safety personnel retirement system and all
21 of the tax so allocated to a fund of a municipality ~~which~~ THAT has both
22 full-time paid fire fighters and volunteer fire fighters or pension
23 obligations to full-time paid fire fighters or volunteer fire fighters shall
24 be appropriated to the account of the municipality in the public safety
25 personnel retirement system where it shall be reallocated by actuarial
26 procedures proportionately to the municipality for the account of the
27 full-time paid fire fighters and to the municipality for the account of the
28 volunteer fire fighters. A full accounting of such reallocation shall be
29 forwarded to the municipality and both local boards.

30 D. This section shall not apply to title insurance, and such insurers
31 shall be taxed as provided in section 20-1566.

1 E. Any insurer ~~which~~ THAT paid or is required to pay a tax of two
2 thousand dollars or more on net premiums received during the preceding
3 calendar year, pursuant to subsection B of this section and sections
4 20-224.01, 20-837, 20-1010, 20-1060 and 20-1097.07, shall file on or before
5 the fifteenth day of each month from March through August a report for that
6 month, on a form prescribed by the director, accompanied by a payment in an
7 amount equal to fifteen per cent of the amount paid or required to be paid
8 during the preceding calendar year pursuant to subsection B of this section
9 and sections 20-224.01, 20-837, 20-1010, 20-1060 and 20-1097.07. The
10 payments are due and payable on or before the fifteenth day of each month and
11 shall be made to the director for deposit, pursuant to sections 35-146 and
12 35-147.

13 F. Except for the tax paid on fire insurance premiums pursuant to
14 subsections B and C of this section, an insurer may claim a premium tax
15 credit if the insurer qualifies for a credit pursuant to section 20-224.03 or
16 20-224.04."

17 Amend title to conform

NANCY McLAIN

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2/12/09
10:00 AM
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