

HCS HB 490 -- WORKERS' COMPENSATION SURCHARGE

SPONSOR: Luetkemeyer

COMMITTEE ACTION: Voted "do pass" by the Committee on Financial Services by a vote of 18 to 0 with 1 present.

This substitute changes the premium tax charged on the discounted portion of high-deductible workers' compensation policies to an administrative surcharge. Under current law, this premium tax results in retaliatory taxes being imposed in other states upon Missouri-based insurers doing business in those other states.

Any amounts paid in excess of the surcharge amount actually due will not be refunded, but will be credited toward any future surcharges due. A late-payment charge of 0.5% will apply to late payments of the surcharge and interest for late payments will accrue at a rate of 1.5% for each month the payment is delinquent. Records required to be filed with the Division of Workers' Compensation pursuant to this law will be closed records. The substitute does not apply to self-insureds. The division will start collecting the surcharge on January 1, 2004.

FISCAL NOTE: Not available at time of printing.

PROPOSERS: Supporters say that the bill levels the playing field for workers' compensation insurers domiciled in Missouri when they are competing for business in other states. All of the states will assess retaliatory taxes against out-of-state insurers to equal the taxes that the other states charge. Some insured companies choose to pay a higher deductible and get a discount on their premiums, but the insurance company has to pay a premium tax on that discounted amount. So other states charge a similar higher tax on the insurance contracts in their state sold by Missouri insurance companies. The bill changes this tax on discounted premiums to an administrative surcharge, which will not trigger the retaliatory tax in other states.

Testifying for the bill were Representative Luetkemeyer; and Safety National Casualty Corporation.

OPPOSERS: Those who oppose the bill say that the goal of the bill can be accomplished simply by changing the terminology and calling the premium tax a surcharge.

Testifying against the bill was American Insurance Association.

Richard Smreker, Senior Legislative Analyst