

54:18A-6

LEGISLATIVE HISTORY CHECKLIST  
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NJSA: 54:18A-6

(Insurance  
premium tax  
statute--tax  
preference)

LAWS OF: 1989

CHAPTER: 315

Bill No: S3788

Sponsor(s): Lesniak

Date Introduced: August 14, 1989

Committee: Assembly: -----

Senate: Labor, Industry & Professions

Amended during passage: No

Date of Passage: Assembly: January 8, 1990

Senate: January 8, 1990

Date of Approval: January 12, 1990

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: No

Senate: Yes

Fiscal Note: No

Veto Message: No

Message on signing: No

Following were printed:

Reports: No

Hearings: No

KBG/SLJ

1 AN ACT concerning the taxation of insurers and amending  
2 P.L.1945, c.132.

3

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

6 1. Section 6 of P.L.1945, c.132 (C.54:18A-6) is amended to  
7 read as follows:

8 6. In the event that the taxable premiums collected by any  
9 company, as specified in sections 2 and 3 of this act, and all of its  
10 affiliates as defined in the chapter entitled "Insurance Holding  
11 Company Systems," P.L.1970, c.22 (C.17:27A-1 et seq.), during  
12 any year ending December thirty-first, exceed twelve and  
13 one-half percentum (12 1/2%) of the total premiums collected by  
14 the company and all of its affiliates during the same year on all  
15 policies and contracts of insurance, whenever and wherever  
16 issued, the taxable premiums of such company shall not exceed a  
17 sum equal to twelve and one-half percentum (12 1/2%) of such  
18 company's total premiums collected during the same year on all  
19 policies and contracts of insurance, whenever and wherever  
20 issued, calculated as specified in sections 4 and 5 of this act;  
21 provided, however, a company to which section 2 of this act  
22 (C.54:18A-2) applies shall in no event be deemed to be an  
23 affiliate of a company to which section 3 of this act (C.  
24 54:18A-3) applies and provided, further, that as to any company  
25 licensed in this State prior to [January 1] June 30, 1984, the  
26 taxable premiums of that company shall be calculated without  
27 regard to the premiums collected by any affiliate.

28 (cf: P.L.1985, c.294, s.1)

29 2. This act shall take effect immediately.

30

31

#### STATEMENT

32

33 In 1985 the insurance premium tax statute was amended to  
34 provide that an insurer writing insurance business in this State

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the  
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 must not only include its own taxable premiums, wherever  
2 earned, but those of its affiliates in calculating its total  
3 worldwide premiums to determine whether it can qualify for the  
4 tax preference under that statute. That amendment also included  
5 a grandfather clause which exempts any insurer licensed in New  
6 Jersey prior to January 1, 1984 from the requirement of including  
7 the premiums of its affiliates in calculating its total worldwide  
8 premiums to determine if it qualifies for the tax preference  
9 under that statute.

10 This bill expands that grandfather provision by changing the  
11 operative date of that provision from January 1, 1984 to June 30,  
12 1984. This change will allow at least two insurers who have made  
13 a substantive commitment to New Jersey to avail themselves of  
14 the grandfather provision.

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## INSURANCE

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### Taxation

19

20 Exempts certain insurers licensed in New Jersey from including  
21 premiums of affiliates to determine if they qualify for tax  
22 preference under premium tax statute.

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SENATE, No. 3788  
STATE OF NEW JERSEY

INTRODUCED AUGUST 14, 1989

By Senator LESNIAK

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## INSURANCE

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SENATE LABOR, INDUSTRY AND  
PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 3788

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STATE OF NEW JERSEY

DATED: NOVEMBER 30, 1989

The Senate Labor, Industry and Professions Committee reports favorably Senate, No. 3788.

In 1985 the insurance premium tax statute was amended to provide that an insurer transacting insurance business in this State must not only include its own taxable premiums, wherever earned, but those of its affiliates in calculating its total worldwide premiums to determine whether it can qualify for the tax preference under that statute. That amendment also included a grandfather clause which exempts any insurer licensed in New Jersey prior to January 1, 1984 from the requirement of including the premiums of its affiliates in calculating its total worldwide premiums to determine if it qualifies for the tax preference under that statute.

This bill expands that grandfather provision by changing the operative date of that provision from January 1, 1984 to June 30, 1984. This change will allow at least three insurers who have made a substantial commitment to New Jersey and who were inadvertently overlooked in 1985 to avail themselves of the grandfather provision.