

June 20, 1966

R.S. 54:18A-1 et seq

LEGISLATIVE HISTORY OF R.S. 54:18A-1 et seq
(Taxation - Insurance companies - Date due)

COPY NO. 1

1965 Amendment.

L. 1965, Chapter 114 - A690

Introduced May 3 by Assemblymen Crabel & Kimmelman.
No statement on the bill.

May 10 -- Passed Assembly (Emergency resolution).

May 24 - Passed Senate (Emergency resolution) amended
(copy enclosed).

May 24 - Senate amendment passed in Assembly.

June 18 - Approved.

RS/PC

Newspaper articles on the subject:

Newark Star Ledger, 4/2³/65 - "Hughes Urges Tax Break For Insurance
Companies".

Newark Even. News, 3/25/65 - "Insurance Firms Ask State To Kill Tax
Speedup Plan".

Trenton Times, 6/20/65 - "Gov. Hughes Signs Insurance Measure".

Trenton Times, 3/25/65 - "Insurance Firms Opposing Hughes' Plan".

Trenton Times, 3/31/65 - "Governor Sticks By Tax Plan".

Trenton Times, 4/2/65 - "Insurance Tax Cut Asked by Hughes".

Newark News, 4/7/65 - "Insurance Aid".

L. 1966 - Chap 3 - S11
Intro Jan 18 by Redolphi
not amended during passage
Bill had statement

ASSEMBLY, No. 690

STATE OF NEW JERSEY

INTRODUCED MAY 3, 1965

By Assemblymen CRABIEL and KIMMELMAN

Referred to Committee on Business Affairs

AN ACT concerning the taxation of certain companies transacting the business of insurance and amending chapter 132 of the laws of 1945, approved April 10, 1945, and amending chapter 186 of the laws of 1950, approved June 5, 1950.

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*
2 *Jersey:*

1 1. Section 1 of chapter 132 of the laws of 1945 is amended to read as
2 follows:

3 1. (a) Every stock, mutual and assessment insurance company organ-
4 ized or existing under any general or special law of this State, and every
5 stock, mutual and assessment insurance company organized or existing under
6 the laws of another State or foreign country and transacting business in
7 this State shall pay to the Director of the Division of Taxation an annual tax,
8 in each calendar year on or before June 1, in the amount specified in sections
9 2 and 3 of this act.

10 (b) *On or before June 1, 1966 and on or before June 1 of each year*
11 *thereafter, every insurance company subject to the provisions of subsection*
12 *(a) hereof shall pay to the Director of the Division of Taxation an amount*
13 *equal to 1/2 of the tax payable under subsection (a) hereof on the company's*
14 *business done during the preceding calendar year. This payment shall be in*
15 *addition to the tax payable under subsection (a) hereof and shall be con-*

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

16 sidered as a partial payment of the tax which will become due, under subsec-
17 tion (a) hereof, upon the business done in this State during the calendar year
18 in which the payment date provided by this paragraph is contained. Noth-
19 ing in this subsection requiring a partial payment of tax shall be deemed
20 to apply to premiums for fire insurance risks on properties in this State paid
21 to an insurer which is not organized under the laws of this State or to pre-
22 miums for marine insurance risks.

23 In the calculation of the tax due in accordance with subsection (a)
24 hereof in the year 1967 and each year thereafter, every insurance company
25 shall be entitled to a credit in the amount of the tax paid under this subsec-
26 tion as a partial payment in the preceding calendar year and shall be en-
27 titled to the return of any amount so paid which shall be found to be in ex-
28 cess of the total amount payable in accordance with this section.

1 2. Section 2 of chapter 132 of the laws of 1945 is amended to read as
2 follows:

3 2. (a) The tax specified in subsection (a) of section 1 of this act, ex-
4 cept as to life insurance companies and except as to marine insurance as de-
5 scribed by chapter 16 of Title 54 of the Revised Statutes, shall, *except as*
6 *hereinafter provided*, be 2% upon the taxable premiums collected by such
7 company during the year ending December 31 next preceding on all business
8 of the company in this State, less the amount of any franchise taxes and
9 taxes on its property, exclusive of taxes on real estate and of taxes payable
10 pursuant to this section, paid in this State by the company pursuant to any
11 law of this State during the said year. Any taxes paid to the treasurer of
12 any firemen's relief association of this State pursuant to section 54:18-1 of
13 the Revised Statutes shall be considered a part of the tax payable under this
14 act.

15 (b) Taxable premiums, collected after December 31, 1965 by an insur-
16 ance company subject to the provisions of subsection (a) hereof under group
17 accident and health insurance policies on residents of this State, shall be sub-
18 ject to tax only at the following rates:

19 *As to taxes payable in 1967* 1 3/4%

20 *As to taxes payable in 1968* 1 1/2%

21 *As to taxes payable in 1969* 1 1/4%

22 *As to taxes payable in 1970 and thereafter* 1%

1 3. Section 3 of chapter 132 of the laws of 1945 is amended to read as
 2 follows:

3 3. (a) The tax specified in *subsection (a)* of section 1 of this act as to
 4 life insurance companies, shall, *except as hereinafter provided*, be 2% upon
 5 the taxable premiums collected by the company during the year ending De-
 6 cember 31 next preceding under all policies or contracts of insurance on resi-
 7 dents of this State [and 1% upon the taxable considerations collected by the
 8 company during the said year under annuity contracts on residents of this
 9 State], less the amount of any franchise taxes and taxes on its property, ex-
 10 clusive of taxes on real estate and of taxes payable pursuant to this section,
 11 paid in this State by the company pursuant to any law of this State during
 12 the said year; [provided, however, that no such deduction on account of any
 13 such franchise or property taxes so paid shall be made from the tax payable
 14 pursuant to this section in the calendar year 1945; and provided further,
 15 that such deduction from the tax payable pursuant to this section in each
 16 of the calendar years 1946 to 1954, inclusive, shall be, respectively, the ap-
 17 plicable percentage according to the following table of the amount of such
 18 franchise and property taxes so paid during each of the respective preceding
 19 years 1945 to 1953, inclusive, as follows:

	Year	Applicable Percentage
20	1946	20%
21	1947	25%
22	1948	35%
23	1949	40%
24	1950	45%
25	1951	50%
26	1952	65%
27	1953	75%
28	1954	90%

29 and] provided [further] however, that in the case of any life insurance com-
 30 pany incorporated under any law of this State having capital and surplus
 31 of \$15,000,000.00 or more, such deduction from the tax payable pursuant to
 32 this section [in the calendar year 1951 and in any subsequent calendar
 33 year] shall be diminished by [the amount applicable to such year according
 34 to the following table:

Year	Amount
35 1951	\$100,000 00
36 1952	195,000 00
37 1953	225,000 00
38 1954	270,000 00
39 1955	300,000 00
40 1956 and any subsequent year	200,000 00] \$200,000 00

41 (b) Taxable premiums, collected after December 31, 1965 by an insur-
 42 ance company subject to the provisions of subsection (a) hereof under group
 43 accident and health insurance policies on residents of this State, shall be sub-
 44 ject to tax only at the 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 and thereafter	1%

1 4. Section 5 of chapter 132 of the laws of 1945 is amended to read as
 2 follows:

3 5. Subject to the provisions of section 6 of this act, the taxable premiums
 4 [and taxable considerations], as specified in section 3 of this act, are hereby
 5 defined to be gross contract premiums [and gross considerations,] provided
 6 for by the respective policies or contracts of insurance and collected by the
 7 company, except premiums collected for reinsurance assumed and premiums
 8 collected after December 31, 1965 under policies or contracts of life insur-
 9 ance issued in connection with the funding of a pension, annuity or profit-
 10 sharing plan qualified or exempt under sections 401, 403, 404 or 501 of the

11 *United States Internal Revenue Code as now or hereafter amended or renun-*
12 *bered from time to time, less, to the extent related to policies or contracts*
13 *not excluded above, the sum of the following:*

14 (a) Premiums [received for reinsurance assumed and premiums or con-
15 siderations (but] (excluding cash surrender values) returned on policies or
16 contracts,

17 (b) Dividends paid in cash, used by policyholders in payment of renewal
18 premiums, or left on deposit with the company, and

19 (c) Discount on premiums paid in advance.

1 5. Section 1 of chapter 186 of the laws of 1950 is amended to read as
2 follows:

3 1. For determining the annual tax payable by a life insurance company
4 pursuant to the provisions of Title 54 of the Revised Statutes, the taxable
5 premiums collected by the company under all policies or contracts of insur-
6 ance on residents of this State [and the taxable considerations collected by
7 the company under annuity contracts on residents of this State] shall be
8 deemed to include premiums [and considerations] collected by the company
9 under similar policies and contracts *of insurance* [other than group annuity
10 contracts] on residents of other States where such business was written or
11 procured or such premiums [and considerations] were collected through an
12 office in this State and where no tax has been paid or is payable to any other
13 State or States on such premiums [and considerations].

1 6. This act shall take effect July 1, 1965 but sections 2 through 5 shall
2 apply only to premiums and considerations collected after December 31, 1965.

SENATE AMENDMENTS TO
ASSEMBLY, No. 690

STATE OF NEW JERSEY

ADOPTED MAY 24, 1965

Amend page 1, section 1, line 13, omit "½ of".

Amend page 1, section 1, line 13, before "tax payable" insert "estimated".

Amend page 1, section 1, line 14, omit "preceding" insert "first quarter of the then current".

Amend page 1, section 1, line 14, after "calendar year." insert the following: "On or before September 1, 1966 and on or before September 1 of each year thereafter, every such insurance company shall pay to the director an amount equal to the estimated tax payable under subsection (a) thereof on the company's business done during the second quarter of the then current calendar year. On or before December 1, 1966 and on or before December 1 of each year thereafter, every such insurance company shall pay to the director an amount equal to the estimated tax payable under subsection (a) hereof on the company's business done during the third quarter of the then current calendar year. On or before March 1, 1967 and on or before March 1 of each year thereafter, every such insurance company shall pay to the director an amount equal to the estimated tax payable under subsection (a) hereof on the company's business done during the last quarter of the preceding calendar year."

Amend page 1, section 1, line 14, omit "This payment" insert "These payments".

Amend page 2, section 1, lines 17 and 18, after "upon the" insert "following June 1." and omit the remainder of the sentence.

[OFFICIAL COPY REPRINT]

ASSEMBLY, No. 690

STATE OF NEW JERSEY

INTRODUCED MAY 3, 1965

By Assemblymen CRABIEL and KIMMELMAN

Referred to Committee on Business Affairs

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4 ized or existing under any general or special law of this State, and every
5 stock, mutual and assessment insurance company organized or existing under
6 the laws of another State or foreign country and transacting business in
7 this State shall pay to the Director of the Division of Taxation an annual tax,
8 in each calendar year on or before June 1, in the amount specified in sections
9 2 and 3 of this act.

10 (b) *On or before June 1, 1966 and on or before June 1 of each year*
11 *thereafter, every insurance company subject to the provisions of subsection*
12 *(a) hereof shall pay to the Director of the Division of Taxation an amount*
13 *equal to ***[1/2 of]*** the *estimated* tax payable under subsection (a) hereof*
14 *on the company's business done during the ***[preceding]*** *first quarter of*
15 *the then current* calendar year. *On or before September 1, 1966 and on or*

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

16 before September 1 of each year thereafter, every such insurance company
17 shall pay to the director an amount equal to the estimated tax payable under
18 subsection (a) thereof on the company's business done during the second
19 quarter of the then current calendar year. On or before December 1, 1966
20 and on or before December 1 of each year thereafter, every such insurance
21 company shall pay to the director an amount equal to the estimated tax pay-
22 able under subsection (a) hereof on the company's business done during the
23 third quarter of the then current calendar year. On or before March 1, 1967
24 and on or before March 1 of each year thereafter, every such insurance com-
25 pany shall pay to the director an amount equal to the estimated tax payable
26 under subsection (a) hereof on the company's business done during the last
27 quarter of the preceding calendar year.* ***[This payment]*** *These pay-
28 ments* shall be in addition to the tax payable under subsection (a) hereof
29 and shall be considered as a partial payment of the tax which will become
30 due, under subsection (a) hereof, upon the *following June 1.* ***[business**
31 done in this State during the calendar year in which the payment date pro-
32 vided by this paragraph is contained.]* Nothing in this subsection requir-
33 ing a partial payment of tax shall be deemed to apply to premiums for fire
34 insurance risks on properties in this State paid to an insurer which is not
35 organized under the laws of this State or to premiums for marine insurance
36 risks.

37 In the calculation of the tax due in accordance with subsection (a)
38 hereof in the year 1967 and each year thereafter, every insurance company
39 shall be entitled to a credit in the amount of the tax paid under this subsec-
40 tion as a partial payment in the preceding calendar year and shall be en-
41 titled to the return of any amount so paid which shall be found to be in ex-
42 cess of the total amount payable in accordance with this section.

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4 cept as to life insurance companies and except as to marine insurance as de-

5 scribed by chapter 16 of Title 54 of the Revised Statutes, shall, *except as*
6 *hereinafter provided*, be 2% upon the taxable premiums collected by such
7 company during the year ending December 31 next preceding on all business
8 of the company in this State, less the amount of any franchise taxes and
9 taxes on its property, exclusive of taxes on real estate and of taxes payable
10 pursuant to this section, paid in this State by the company pursuant to any
11 law of this State during the said year. Any taxes paid to the treasurer of
12 any firemen's relief association of this State pursuant to section 54:18-1 of
13 the Revised Statutes shall be considered a part of the tax payable under this
14 act.

15 (b) *Taxable premiums, collected after December 31, 1965 by an insur-*
16 *ance company subject to the provisions of subsection (a) hereof under group*
17 *accident and health insurance policies on residents of this State, shall be sub-*
18 *ject to tax only at the following rates:*

19	<i>As to taxes payable in 1967</i>	1 3/4%
20	<i>As to taxes payable in 1968</i>	1 1/2%
21	<i>As to taxes payable in 1969</i>	1 1/4%
22	<i>As to taxes payable in 1970 and thereafter</i>	1%

1 3. Section 3 of chapter 132 of the laws of 1945 is amended to read as
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7 dents of this State [and 1% upon the taxable considerations collected by the
8 company during the said year under annuity contracts on residents of this
9 State], less the amount of any franchise taxes and taxes on its property, ex-
10 clusive of taxes on real estate and of taxes payable pursuant to this section,
11 paid in this State by the company pursuant to any law of this State during
12 the said year; [provided, however, that no such deduction on account of any
13 such franchise or property taxes so paid shall be made from the tax payable

14 pursuant to this section in the calendar year 1945; and provided, further,
 15 that such deduction from the tax payable pursuant to this section in each
 16 of the calendar years 1946 to 1954, inclusive, shall be, respectively, the ap-
 17 plicable percentage according to the following table of the amount of such
 18 franchise and property taxes so paid during each of the respective preceding
 19 years 1945 to 1953, inclusive, as follows:

	Year	Applicable Percentage
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25	1951	50%
26	1952	65%
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28	1954	90%

29 and] provided [further] however, that in the case of any life insurance com-
 30 pany incorporated under any law of this State having capital and surplus
 31 of \$15,000,000.00 or more, such deduction from the tax payable pursuant to
 32 this section [in the calendar year 1951 and in any subsequent calendar
 33 year] shall be diminished by [the amount applicable to such year according
 34 to the following table:

	Year	Amount
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 42 ance company subject to the provisions of subsection (a) hereof under group

43 *accident and health insurance policies on residents of this State, shall be sub-*
 44 *ject to tax only at the following rates:*

45	<i>As to taxes payable in 1967</i>	<i>1 3/4%</i>
46	<i>As to taxes payable in 1968</i>	<i>1 1/2%</i>
47	<i>As to taxes payable in 1969</i>	<i>1 1/4%</i>
48	<i>As to taxes payable in 1970 and thereafter</i>	<i>1%</i>

1 4. Section 5 of chapter 132 of the laws of 1945 is amended to read as
 2 follows:

3 5. Subject to the provisions of section 6 of this act, the taxable premiums
 4 **[and taxable considerations]**, as specified in section 3 of this act, are hereby
 5 defined to be gross contract premiums **[and gross considerations,]** *provided*
 6 *for by the respective policies or contracts of insurance and collected by the*
 7 *company, except premiums collected for reinsurance assumed and premiums*
 8 *collected after December 31, 1965 under policies or contracts of life insur-*
 9 *ance issued in connection with the funding of a pension, annuity or profit-*
 10 *sharing plan qualified or exempt under sections 401, 403, 404 or 501 of the*
 11 *United States Internal Revenue Code as now or hereafter amended or renum-*
 12 *bered from time to time, less, to the extent related to policies or contracts*
 13 *not excluded above, the sum of the following:*

14 (a) Premiums **[received for reinsurance assumed and premiums or con-**
 15 **siderations (but]** (excluding cash surrender values) returned on policies or
 16 contracts,

17 (b) Dividends paid in cash, used by policyholders in payment of renewal
 18 premiums, or left on deposit with the company, and

19 (c) Discount on premiums paid in advance.

1 5. Section 1 of chapter 186 of the laws of 1950 is amended to read as
 2 follows:

3 1. For determining the annual tax payable by a life insurance company
 4 pursuant to the provisions of Title 54 of the Revised Statutes, the taxable
 5 premiums collected by the company under all policies or contracts of insur-
 6 ance on residents of this State **[and the taxable considerations collected by**

7 the company under annuity contracts on residents of this State] shall be
8 deemed to include premiums [and considerations] collected by the company
9 under similar policies and contracts *of insurance* [other than group annuity
10 contracts] on residents of other States where such business was written or
11 procured or such premiums [and considerations] were collected through an
12 office in this State and where no tax has been paid or is payable to any other
13 State or States on such premiums [and considerations].

1 6. This act shall take effect July 1, 1965 but sections 2 through 5 shall
2 apply only to premiums and considerations collected after December 31, 1965.

SENATE No. 11

STATE OF NEW JERSEY

INTRODUCED JANUARY 18, 1966

By Senator RIDOLFI

(Without Reference)

AN ACT concerning the taxation of certain companies transacting the business of insurance and amending chapter 132, P. L. 1945, approved April 10, 1945.

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*
2 *Jersey:*

1 1. Section 1 of chapter 132 of the laws of 1945 is amended to read as
2 follows:

3 1. (a) Every stock, mutual and assessment insurance company organ-
4 ized or existing under any general or special law of this State, and every
5 stock, mutual and assessment insurance company organized or existing un-
6 der the laws of another State or foreign country and transacting business in
7 this State shall pay to the Director of the Division of Taxation an annual tax,
8 in each calendar year on or before June 1, in the amount specified in sections
9 2 and 3 of this act.

10 (b) On or before June 1, 1966 [and on or before June 1 of each year
11 thereafter,] every insurance company subject to the provisions of subsec-
12 tion (a) hereof shall pay to the Director of the Division of Taxation an
13 amount equal to $1/4$ of the [estimated] tax payable under subsection (a)
14 hereof on the company's business done during the [first quarter of the then
15 current] *preceding* calendar year. On or before [September 1, 1966] *June*
16 *1, 1967* and on or before [September 1] *June 1* of each year thereafter,
17 every such insurance company shall pay to the director an amount equal to

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

18 1/2 of the [estimated] tax payable under subsection (a) [thereof] hereof on
19 the company's business done during the [second quarter of the then cur-
20 rent] preceding calendar year. [on or before December 1, 1966 and on or be-
21 fore December 1 of each year thereafter, every such insurance company shall
22 pay to the director an amount equal to the estimated tax payable under sub-
23 section (a) hereof on the company's business done during the third quarter
24 of the then current calendar year. On or before March 1, 1967 and on or be-
25 fore March 1 of each year thereafter, every such insurance company shall
26 pay to the director an amount equal to the estimated tax payable under
27 subsection (a) hereof on the company's business done during the last quarter
28 of the preceding calendar year. These] Each such [payments] payment
29 shall be in addition to the tax payable under subsection (a) hereof and shall
30 be considered as a partial payment of the tax which will become due [.] un-
31 der subsection (a) hereof, upon the following June 1. Nothing in this subsec-
32 tion requiring a partial payment of tax shall be deemed to apply to premi-
33 ums for fire insurance risks on properties in this State paid to an insurer
34 which is not organized under the laws of this State or to premiums for ma-
35 rine insurance risks.

36 In the calculation of the tax due in accordance with subsection (a)
37 hereof in the year 1967 and each year thereafter, every insurance company
38 shall be entitled to a credit in the amount of the tax paid under this subsec-
39 tion as a partial payment in the preceding calendar year and shall be en-
40 titled to the return of any amount so paid which shall be found to be in ex-
41 cess of the total amount payable in accordance with this section.

1 2. This act shall take effect immediately.

STATEMENT

This bill is designed to reduce substantially the administrative costs of collecting insurance premium taxes as well as the compliance costs of insurance companies. This bill substitutes a single annual filing in place of 4 quarterly tax forms presently required. The provisions of this bill do not reduce or affect the contemplated revenue to be received by the State of New Jersey during any fiscal year.

Assembly Bill 690, 1965
FROM: Office of the Governor

FOR RELEASE: June 18, 1965

Governor Richard J. Hughes today approved the following bills:

Assembly Bill No. 675 -- which provides for a \$2,500.00 increase in the salaries of the members of the Senate and General Assembly taking office in January, 1966.

Assembly Bill No. 690 -- which amends the law concerning the taxation of certain insurance companies to require such companies to pay an estimated tax, on a quarterly basis, based upon the company's business in the preceding quarter. This will have the effect of accelerating the collection of insurance taxes providing approximately \$6 million in additional revenue to the State during the fiscal year 1966. The bill also revises or eliminates certain existing taxes assessed against insurance companies.