

54:18A-1a

LEGISLATIVE HISTORY CHECKLIST

NJSA 54:18A-1a; 54:18A-2; 54:18A-3 (Insurance companies--taxes--establish March 1, filing date for all taxes)

LAWS 1981 CHAPTER 183

Bill No. A3404

Sponsor(s) Janiszewski and T. Gallo

Date Introduced May 14, 1981

Committee: Assembly -----

Senate -----

Amended during passage Yes No

Date of Passage: Assembly June 15, 1981

Senate June 18, 1981

Date of approval June 19, 1981

Following statements are attached if available:

Sponsor statement Yes No

Committee Statement: Assembly Yes No

Senate Yes No

Fiscal Note Yes No

Veto Message Yes No

Message on signing Yes No

Following were printed:

Reports Yes No

Hearings Yes No

6/22/81

ASSEMBLY, No. 3404

STATE OF NEW JERSEY

INTRODUCED MAY 14, 1981

By Assemblymen JANISZEWSKI and T. GALLO

(Without Reference)

AN ACT concerning the taxation of certain insurance companies, amending P. L. 1945, c. 132, supplementing Title 54 of the Revised Statutes and repealing P. L. 1952, c. 227 and P. L. 1950, c. 101.

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

1 1. Section 2 of P. L. 1945, c. 132 (C. 54:18A-2) is amended to
2 read as follows:

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

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

21	As to taxes payable in 1967	1¾%
22	As to taxes payable in 1968	1½%
23	As to taxes payable in 1969	1¼%
24	As to taxes payable in 1970 and thereafter	1%

1 2. Section 3 of P. L. 1945, c. 132 (C. 54:18A-3) is amended to
2 read as follows:

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

3 Amount of tax, life insurance companies; deductions.

4 (a) The tax specified in subsection (a) of section 1 of this act
 5 as to life insurance companies, shall, except as hereinafter pro-
 6 vided, be 2% upon the taxable premiums collected by the company
 7 during the year ending December 31 next preceding under all
 8 policies or contracts of insurance on residents of this State, less
 9 the amount of [any franchise taxes and] taxes on its property,
 10 exclusive of taxes on real estate and of taxes payable pursuant
 11 to this section, paid in this State by the company pursuant to any
 12 law of this State during the said year[; provided, however, that in
 13 the case of any life insurance company incorporated under any
 14 law of this State having capital and surplus of \$15,000,000.00 or
 15 more, such deduction from the tax payable pursuant to this section
 16 shall be diminished by the amount of tax paid during the said
 17 year pursuant to subsection b. or c. of section 2, chapter 101 of
 18 the laws of 1950, as amended].

19 (b) Taxable premiums, collected after December 31, 1965 by an
 20 insurance company subject to the provisions of subsection (a)
 21 hereof under group accident and health insurance policies on
 22 residents of this State, shall be subject to tax only at the following
 23 rates:

24	As to taxes payable in 1967	1¾%
25	As to taxes payable in 1968	1½%
26	As to taxes payable in 1969	1¼%
27	As to taxes payable in 1970 and thereafter	1%

1 3. (New section) To ensure that no county or municipality will
 2 experience a loss of revenue as a result of the repeal of the fran-
 3 chise tax on domestic insurance companies, the State Treasurer,
 4 upon warrant of the State Comptroller, shall, on or before August
 5 1, 1982 and on or before August 1 annually thereafter, pay to the
 6 collector of the municipality and to the county treasurer of a
 7 county in which a domestic insurance company's principal office
 8 was situated on January 1, 1981, an amount determined by increas-
 9 ing the total amount of franchise taxes received by the municipality
 10 or county in the prior calendar year by the percentage rate of
 11 change of all taxes paid by all insurance companies pursuant to
 12 P. L. 1945, c. 132 (C. 54:18A-1 et seq.) for the current and the
 13 immediately preceding tax years.

14 The payments shall continue to be made so long as the principal
 15 office of the domestic insurance company remains at the loca-
 16 tion established on January 1, 1981. No liability for payment
 17 under this section shall arise by virtue of the relocation of the
 18 principal office of a domestic insurance company to another muni-
 19 cipality, whether or not within the same county.

1 4. P. L. 1950, c. 101 (C. 54:18A-12 et seq.) and P. L. 1952, c. 227
2 (C. 54:16A-1 et seq.) are repealed.

1 5. The repealer contained in section 4 of this act shall not affect
2 the obligation, lien or duty to pay any taxes, interest or penalties
3 which have accrued or may accrue by virtue of any assessment
4 made or which may be made with respect to taxes levied for any
5 taxable year prior to the effective date of this act, nor shall this
6 act affect the legal authority to assess and collect taxes which may
7 be or have been due or payable under the acts repealed, together
8 with such interest and penalties as would have accrued thereon
9 under any provision of law amended or repealed by this act; nor
10 shall this act invalidate any assessments or affect any proceeding
11 for the enforcement thereof.

1 6. This act shall take effect immediately and shall be applicable
2 to taxes and prepayments due and payable in the year 1981 and in
3 each year thereafter; provided, however, that the provisions of
4 this act shall not apply to any franchise tax payment to a munici-
5 pality or county otherwise due in 1981.

STATEMENT

This bill makes March 1 the single filing date for all insurance companies for all taxes payable by insurance companies.

The bill repeals the franchise tax currently paid by domestic insurance companies to counties and municipalities, thus the State is the collector of all taxes on insurance companies. The equivalent amount of the franchise tax is to be paid to counties and municipalities by the Treasurer each August 1, commencing with August 1, 1982, thereby ensuring that the repealer will not affect a reduction in county and municipal revenue from this source.

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6 act affect the legal authority to assess and collect taxes which may
7 be or have been due or payable under the acts repealed, together
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A3404 (1981)

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

JUNE 19, 1981

FOR FURTHER INFORMATION

KATHRYN FORSYTH

Governor Brendan Byrne today signed two bills to give the State the funds necessary to balance the Fiscal Year 1982 Budget.

Byrne signed the bills this afternoon at Morven, the Governor's residence.

A-3472, sponsored by Assemblyman Albert Burstein (D-Bergen) changes the method of payment for taxes under the 1945 Corporate Business Tax Act from prepayment to an estimated basis consisting of four equal installments to be paid during the taxpayer's current accounting period.

The measure is expected to provide the State with a one-time gain of \$60 million for the coming fiscal year.

The bill also provides for interest charges for underpayment of estimated taxes and for interest charges, and in some instances penalties, for underpayment of estimated taxes for which the Director of Taxation grants an extension of payment.

A-3404, sponsored by Assemblyman Robert Janiszewski (D-Hudson) which abolishes local taxation of insurance companies and requires that those taxes be paid to the State on March 1. The State in turn would pay the counties and municipalities a sum equal to what they would have received under the abolished tax but on August 1.

Under this method, approximately \$16 million will be available to the State to balance the FY '82 Budget.

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