

54:18A-1

LEGISLATIVE HISTORY CHECKLIST

NJSA 54:18A-1 (Insurance companies - out-of-state--  
additional prepayment of taxes)

LAWS 1981 CHAPTER 247

Bill No. A3523

Sponsor(s) Burstein

Date Introduced June 15, 1981

Committee: Assembly -----

Senate Revenue, Finance and Appropriations

Amended during passage Yes No

Date of Passage: Assembly June 22, 1981

Senate June 29, 1981

Date of approval Aug. 3, 1981

Following statements are attached if available:

Sponsor statement Yes ~~No~~

Committee Statement: Assembly xYes No

Senate xYes No

Fiscal Note xYes No

Veto Message xYes No

Message on signing Yes xYes ~~No~~

Following were printed:

Reports xYes No

Hearings xYes No

6/22/81

RECEIVED  
LEGISLATIVE HISTORY  
OFFICE OF THE CLERK  
ASSEMBLY  
STATE OF NEW JERSEY

ASSEMBLY, No. 3523

**STATE OF NEW JERSEY**

INTRODUCED JUNE 15, 1981

By Assemblyman BURSTEIN

(Without Reference)

AN ACT concerning the taxation of certain companies transacting the business of insurance and amending P. L. 1945, c. 132.

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

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

3 1. (a) Every stock, mutual and assessment insurance company  
4 organized or existing under any general or special law of this State,  
5 hereinafter referred to as "domestic insurance company," and  
6 every stock, mutual and assessment insurance company organized  
7 or existing under the laws of another state or foreign country,  
8 hereinafter referred to as "foreign insurance company," and trans-  
9 acting business in this State shall annually on or before March 1,  
10 file with the Director of the Division of Taxation, in the form as  
11 the director and the Commissioner of Insurance may prescribe, a  
12 return under oath or affirmation signed by a duly authorized officer  
13 or agent of the company, containing such information as may be  
14 deemed necessary and shall at the same time pay to the director an  
15 annual tax, in each calendar year, in the amount specified in sections  
16 2 and 3 of the act to which this act is amendatory (C. 54:18A-2 and  
17 3). At the same time, a duplicate original of the return shall be filed  
18 with the Commissioner of Insurance. The tax shall be based on net  
19 premiums on contracts of insurance covering property and risks  
20 located within this State written during the calendar year ending  
21 December 31 next preceding.

22 (b) Effective for calendar years ending on December 31, 1980  
23 and thereafter, every *foreign* insurance company subject to the  
24 provisions of subsection (a) of this section, shall pay to the  
25 Director **[.]** of the Division of Taxation on or before March 1, 1981,  
26 and on or before March 1 of each year thereafter an amount equal  
27 to one-half of the tax payable under subsection (a) hereof on the

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

28 company's business done during the preceding calendar year. Every  
29 foreign insurance company subject to the provisions of subsection  
30 (a) of this section, shall pay to the Director of the Division of  
31 Taxation on or before October 1, 1981, and on or before October 1  
32 of each year thereafter an amount equal to one-fourth of the tax  
33 payable under subsection (a) hereof on the company's business  
34 done during the preceding calendar year. Each such payment shall  
35 be in addition to the tax payable under subsection (a) hereof and  
36 shall be considered as a partial payment of the tax which will  
37 become due under subsection (a) hereof, upon the following  
38 March 1.

39 (c) Effective for calendar years ending on December 31, 1981  
40 and thereafter, every domestic insurance company shall:

41 (1) On March 1, 1982, pay the tax due under subsection (a) of  
42 this section based on the company's business done during the calen-  
43 dar year 1981 less any franchise tax paid to counties or munici-  
44 palities in this State during the calendar year 1981.

45 (2) On March 1, 1982 make an installment payment of taxes due  
46 under subsection (a) of this section on the company's business done  
47 during the calendar year 1982, which payment shall amount to one-  
48 half of the prior year's premium tax without deduction for any  
49 franchise tax paid to counties or municipalities of this State.

50 (3) On June 1, 1982 and each June 1 thereafter, make a second  
51 installment payment on taxes due under subsection (a) of this  
52 section on the company's business done during the current calendar  
53 year, which payment shall amount to one-half of the prior year's  
54 premium tax without a deduction for any franchise tax paid to  
55 counties or municipalities of this State.

56 (4) On March 1, 1983 and each March 1 thereafter, pay the  
57 balance of any tax due under subsection (a) of this section based  
58 on the company's business during the preceding calendar year and  
59 make an installment payment in an amount equal to one-half of the  
60 tax payable under subsection (a) of this section on the company's  
61 business done during the preceding calendar year.

62 (d) Nothing in this [subsection] section requiring a partial pay-  
63 ment of tax shall be deemed to apply to premiums for fire insurance  
64 risks on properties in this State paid to an insurer which is not  
65 organized under the laws of this State or to premiums for marine  
66 insurance risks.

67 (e) In the calculation of the tax due in accordance with subsection  
68 (a) hereof, every insurance company shall be entitled to a credit  
69 in the amount of the tax paid [under the subsection] as a partial

70 payment in the preceding calendar year and shall be entitled to the  
71 return of any amount so paid which shall be found to be in excess  
72 of the total amount payable in accordance with this section.

73 *(f) If the franchise tax paid to counties and municipalities of*  
74 *this State during the calendar year 1981 exceeds the amount of the*  
75 *tax due under subsection (a) of this section, no refund or credit*  
76 *shall be allowed.*

1 2. This act shall take effect immediately. Subsection (b) of  
2 section 1 shall be applicable to taxes and prepayments due and  
3 payable in the year 1981 and in each year thereafter. Subsection (c)  
4 of section 1 shall be applicable to taxes and prepayments due and  
5 payable in the year 1982 and in each year thereafter.

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#### STATEMENT

This bill requires foreign insurance companies to make an additional prepayment of current taxes in an amount equal to 25% of taxes paid in the prior year. The payment is to be made annually on October 1. The current prepayment requirement is an amount equal to 50% of the tax paid in the prior year and is payable on March 1 annually. Upon repeal of the tax, this bill will require domestic insurance companies to pay equivalent installment payments during the course of the tax year. The total of payments due by August 1 will be due by June 1 annually.

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*A 3523 (1981)*

August 3, 1981

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A-3196, sponsored by Assemblyman Charles Mays (D-Hudson), is designed to provide State credit unions parity with federal credit unions.

It permits the Commissioner of Banking to make regulations authorizing State credit unions to exercise powers and make loans and investments to the same extent as federal credit unions and lifts the 1% per month interest ceiling of credit union loans, permitting the credit unions to charge rates agreed to by the union and its members.

<sup>3422</sup>  
A-3244, sponsored by Assemblyman Christopher J. Jackman (D-Hudson), which exempts the Firemen's Home in Boonton from the Department of Health regulation requiring that nursing homes have licensed administrators.

A-3523, sponsored by Assemblyman Albert Burstein (D-Bergen), requires foreign insurance companies to make an additional prepayment of current taxes in an amount equal to 25% of taxes paid in the prior year. The payment is to be made annually on October 1.

The current prepayment requirement is an amount equal to 50% of the tax paid in the prior year and is payable March 1 annually. Upon repeal of the tax, this bill will require domestic insurance companies to pay equivalent installment payments during the course of the tax year. The total payments, due by August 1, will now be due by June 1 annually.

A-1427, sponsored by Assemblyman Robert C. Janiszewski (D-Hudson), provides for the enforcement of court orders concerning support payments when the parties involved reside in different jurisdictions. The bill replaces the Uniform Reciprocal Enforcement of Support Act adopted in 1950 with the Revised Enforcement of Support Act.

The Governor conditionally vetoed the original bill on June 11 for technical reasons, and recommended deleting from the bill a section concerning criminal immunity. The Legislature adopted his recommendation.

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