



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB3548

by Rep. Elizabeth Hernandez

SYNOPSIS AS INTRODUCED:

New Act
30 ILCS 105/5.866 new

Creates the Insurance Premium Tax Act. Imposes a tax on each authorized domestic, foreign, or alien insurer engaged in the business of entering into contracts of insurance or annuity in the State in an amount equal to 1.3% of the premiums and fees charged for those insurance policies. Provides that the proceeds from the tax shall be deposited into the Flood Catastrophe Fund and shall be used by the Department of Insurance for the purpose of providing reimbursement to insurers for a portion of their catastrophic losses due to flooding. Amends the State Finance Act to create the Flood Catastrophe Fund. Effective immediately.

LRB099 10228 HLH 30454 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Insurance Premium Tax Act.

6 Section 5. Definitions. As used in this Act:

7 "Department" means the Department of Revenue.

8 "Person" means any natural individual, firm, partnership,
9 association, joint stock company, joint adventure, public or
10 private corporation, limited liability company, or a receiver,
11 executor, trustee, guardian or other representative appointed
12 by order of any court.

13 Section 10. Tax imposed.

14 (a) Beginning on July 1, 2015, a tax is imposed upon each
15 authorized domestic, foreign, or alien insurer engaged in the
16 business of entering into contracts of insurance or annuity in
17 this State. The tax shall be imposed at the rate of 1.3% of the
18 premiums and fees charged for the following:

- 19 (1) property or casualty insurance;
20 (2) title insurance;
21 (3) marine or other transportation insurance;
22 (4) annuity premiums or considerations; and

1 (5) assessments, including membership fees, policy
2 fees, and gross deposits received from subscribers to
3 reciprocal or interinsurance agreements.

4 The tax under this Section shall not be imposed on premiums
5 and fees charged for workers' compensation policies, accident
6 and health insurance policies, or medical malpractice
7 policies.

8 (b) Every person subject to the tax under subsection (a)
9 shall apply to the Department (upon a form prescribed and
10 furnished by the Department) for a certificate of registration
11 under this Act.

12 (c) The Department shall have full power to administer and
13 enforce this Act, to collect all taxes and penalties due
14 hereunder, to dispose of taxes and penalties so collected in
15 the manner hereinafter provided, and to determine all rights to
16 credit memoranda, arising on account of the erroneous payment
17 of tax or penalty hereunder.

18 (d) The tax imposed under this Act shall be in addition to
19 all other occupation, privilege, or insurance taxes imposed by
20 the State of Illinois or by any municipal corporation or
21 political subdivision thereof. Persons subject to the tax
22 imposed by this Act may reimburse themselves for their tax
23 liability under this Act by separately stating the amount of
24 the tax as an additional charge to consumers.

25 Section 15. Returns. On or before the twentieth day of each

1 calendar month, each person who is subject to the tax under
2 this Act during the preceding calendar month shall file a
3 return with the Department, stating:

4 (1) the name of the taxpayer;

5 (2) the address of the taxpayer's principal place of
6 business;

7 (3) the amount of tax due;

8 (4) the signature of the taxpayer; and

9 (5) such other reasonable information as the
10 Department may require.

11 If a taxpayer fails to sign a return within 30 days after
12 the proper notice and demand for signature by the Department,
13 the return shall be considered valid and any amount shown to be
14 due on the return shall be deemed assessed.

15 The taxpayer shall remit the amount of the tax due to the
16 Department at the time the taxpayer files his or her return.

17 Section 20. Suspension or revocation of certificates of
18 registration. The Department may, after notice and a hearing as
19 provided herein, suspend or revoke the certificate of
20 registration of any person who violates any of the provisions
21 of this Act. Before suspension or revocation of a certificate
22 of registration, the Department shall, within 90 days after
23 non-compliance and at least 7 days prior to the date of the
24 hearing, give the person so accused notice in writing of the
25 charge against him or her, and on the date designated shall

1 conduct a hearing upon this matter. The lapse of such 90 day
2 period shall not preclude the Department from conducting
3 suspension or revocation proceedings at a later date if
4 necessary. Any hearing held under this Section shall be
5 conducted by the Director of Revenue or by any officer or
6 employee of the Department designated, in writing, by the
7 Director of Revenue.

8 Upon the hearing of any such proceeding, the Director of
9 Revenue, or any officer or employee of the Department
10 designated, in writing, by the Director of Revenue, may
11 administer oaths and the Department may procure by its subpoena
12 the attendance of witnesses and, by its subpoena duces tecum,
13 the production of relevant books and papers. Any circuit court,
14 upon application either of the accused or of the Department,
15 may, by order duly entered, require the attendance of witnesses
16 and the production of relevant books and papers, before the
17 Department in any hearing relating to the suspension or
18 revocation of certificates of registration. Upon refusal or
19 neglect to obey the order of the court, the court may compel
20 obedience thereof by proceedings for contempt.

21 Section 25. Review of Department decisions. Any person
22 aggrieved by any decision of the Department under this Act may,
23 within 20 days after notice of such decision, protest and
24 request a hearing, whereupon the Department shall give notice
25 to such person of the time and place fixed for such hearing and

1 shall hold a hearing in conformity with the provisions of this
2 Act and then issue its final administrative decision in the
3 matter to such person. In the absence of such a protest within
4 20 days, the Department's decision shall become final without
5 any further determination being made or notice given.

6 Section 30. Flood Catastrophe Fund. The proceeds of the tax
7 collected under this Act shall be deposited into the Flood
8 Catastrophe Fund, a special fund created in the State Treasury.
9 Moneys in the Flood Catastrophe Fund shall be used by the
10 Department of Insurance for the purpose of providing
11 reimbursement to insurers for a portion of their catastrophic
12 losses due to flooding.

13 Section 35. Rules. The Department may adopt rules related
14 to the enforcement of this Act.

15 Section 800. The State Finance Act is amended by adding
16 Section 5.866 as follows:

17 (30 ILCS 105/5.866 new)

18 Sec. 5.866. The Flood Catastrophe Fund.

19 Section 999. Effective date. This Act takes effect upon
20 becoming law.