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SENATE BILL 375

42ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1996

INTRODUCED BY

MANNY M ARAGON

AN ACT

RELATING TO INSURANCE; INCREASING THE PREMIUM TAX FOR HEALTH AND
DENTAL BENEFITS COVERAGE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 59A-6-2 NMSA 1978 (being Laws 1984,
Chapter 127, Section 102, as amended) is amended to read:

"59A-6-2. PREMIUM TAX. --

A. The premium tax provided for in this section
shall apply as to the following taxpayers:

(1) each insurer authorized to transact
insurance in New Mexico;

(2) each insurer formerly authorized to
transact insurance in New Mexico and receiving premiums on
policies remaining in force in New Mexico, except that this
provision shall not apply as to an insurer that withdrew from

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1 New Mexico prior to March 26, 1955;

2 (3) each plan operating under provisions of
3 Chapter 59A, Articles 46 through 49 NMSA 1978;

4 (4) each property bondsman, as that person is
5 defined in Section 59A-51-2 NMSA 1978, as to any consideration
6 received as security or surety for a bail bond in connection
7 with a judicial proceeding, which consideration shall be
8 considered "gross premiums" for the purposes of this section;
9 and

10 (5) each unauthorized insurer that has assumed
11 a contract or policy of insurance directly or indirectly from an
12 authorized or formerly authorized insurer and is receiving
13 premiums on such policies remaining in force in New Mexico,
14 except that this provision shall not apply if a ceding insurer
15 continues to pay the tax provided in this section as to such
16 policy or contract.

17 B. Each such taxpayer shall pay in accordance with
18 this subsection [~~three percent~~] the specified percentage of the
19 gross premiums and membership and policy fees received by it on
20 insurance or contracts covering risks within this state during
21 the preceding calendar year, less all return premiums, including
22 dividends paid or credited to policyholders or contract holders
23 and premiums received for reinsurance on New Mexico risks. The
24 percentage to be paid is:

25 (1) five percent in the case of health

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1 insurance or any health or dental benefits coverage issued by
2 any plan operating under the provisions of Chapter 59A, Articles
3 46 through 48 NMSA 1978; and

4 (2) three percent in all other cases.

5 C. For each calendar quarter, an estimated payment
6 shall be made on April 15, July 15, October 15 and the following
7 January 15. The estimated payments shall be equal to at least
8 one-fourth of either the payment made during the previous
9 calendar year or eighty percent of the actual payment due for
10 the current calendar year, whichever is greater. The final
11 adjustment for payments due for the prior year shall be made
12 with the return which shall be filed on April 15 of each year,
13 at which time all taxes for that year are due. Dividends paid
14 or credited to policyholders or contract holders and refunds,
15 savings, savings coupons and similar returns or credits applied
16 or credited to payment of premiums for existing, new or
17 additional insurance shall, in the amount so used, constitute
18 premiums subject to tax under this section for the year in which
19 so applied or credited. ~~[Provided that as to every insurer which~~
20 ~~throughout such preceding calendar year had at least forty~~
21 ~~percent of its admitted assets invested in New Mexico~~
22 ~~investments, as the same are defined in Subsection C of this~~
23 ~~section, the rate of such tax shall be nine tenths of one~~
24 ~~percent in lieu of three percent; provided further that,~~
25 ~~effective January 1, 1992, the rate shall be one and four tenths~~

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1 ~~percent; effective July 1, 1992, the rate shall be one and nine-~~
2 ~~tenths percent; effective January 1, 1993, the rate shall be two~~
3 ~~and four-tenths percent; and effective July 1, 1993 and~~
4 ~~thereafter, the rate shall be three percent.~~

5 ~~C. New Mexico investments for the purpose of~~
6 ~~Subsection B of this section are defined as follows:~~

7 ~~(1) real estate located within New Mexico;~~

8 ~~(2) bonds or obligations of New Mexico or of~~
9 ~~any county or other subdivision thereof;~~

10 ~~(3) bonds, debentures or secured obligations of~~
11 ~~any corporation that has fifty percent of its assets located~~
12 ~~within New Mexico;~~

13 ~~(4) first mortgages secured by real estate~~
14 ~~located within New Mexico;~~

15 ~~(5) deposits in state banks, national banks and~~
16 ~~trust companies having their principal place of business within~~
17 ~~New Mexico;~~

18 ~~(6) policy loans to residents of New Mexico;~~
19 ~~and~~

20 ~~(7) preferred and common stock of corporations~~
21 ~~having at least fifty percent of their assets located within New~~
22 ~~Mexico.~~

23 ~~D. Nothing contained in Subsection C of this section~~
24 ~~shall be construed to affect any provision of Chapter 59A,~~
25 ~~Article 9 NMSA 1978.~~

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~~E.]~~ D. Exempted from the tax imposed by Subsection B of this section are premiums attributable to insurance or contracts purchased by the state or any political subdivision and payments received by a health maintenance organization from the federal secretary of health and human services pursuant to a contract issued under the provisions of 42 U.S.C. Section 1395 mm(g). "

1 FORTY- SECOND LEGI SLATURE
2 SECOND SESSI ON, 1996

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5 JANUARY 29, 1996

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7 Mr. Presi dent:

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9 Your COMMI TTEES' COMMI TTEE, to whom has been referred

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11 SENATE BILL 375

12
13 has had it under consideration and finds same to be GERMANE, PURSUANT
14 TO CONSTITUI ONAL PROVISIONS, and thence referred to the WAYS AND
15 MEANS COMMI TTEE.

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17 Respectfully submi tted,

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23 SENATOR MANNY M. ARAGON, Chai rman
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Adopted _____

Not Adopted _____

(Chief Clerk)

(Chief Clerk)

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