

An Act

SENATE BILL 16-165

BY SENATOR(S) Grantham, Cooke, Heath, Lundberg, Neville T., Scott, Woods;
also REPRESENTATIVE(S) Young, Conti, Kagan, Ryden, Windholz.

CONCERNING THE REQUIREMENTS FOR AN INSURANCE COMPANY TO BE DEEMED TO MAINTAIN A HOME OFFICE OR REGIONAL HOME OFFICE IN THIS STATE FOR PURPOSES OF THE TAX ON INSURANCE PREMIUMS COLLECTED BY THE INSURANCE COMPANY.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 10-3-209, **amend** (1) (b) as follows:

10-3-209. Tax on premiums collected - exemptions - penalties.
(1) (b) (I) The rate of tax shall be as follows:

(A) For companies not exempted or charged a different rate of tax by another provision of this section, the rate of tax on the gross amount shall be:

**Premiums collected or
contracted for during:**

Rate of tax:

1996	2.20%
1997	2.15%
1998	2.10%
1999	2.05%
2000 and thereafter	2.00%

(B) For companies maintaining a home office or a regional home office in this state, the rate of tax on the gross amount shall be one percent.

(II) ~~(A)~~ For purposes of this paragraph (b), any ~~office in this state shall be~~ COMPANY IS deemed a company's TO MAINTAIN A home OFFICE or regional home office IN THIS STATE if such ~~office~~ COMPANY EITHER:

(A) SUBSTANTIALLY performs ~~substantially~~ IN THIS STATE the following functions, OR SUBSTANTIALLY EQUIVALENT FUNCTIONS, for the company in FOR each state in which the company is licensed, or in FOR three or more of such states: Actuarial, medical, legal, approval or rejection of applications, issuance of policies, information and service, advertising and publications, public relations, hiring, testing, and training of sales and service forces; OR

(B) MAINTAINS SIGNIFICANT DIRECT INSURANCE OPERATIONS IN THIS STATE THAT ARE SUPPORTED BY FUNCTIONAL OPERATIONS WHICH ARE BOTH NECESSARY FOR AND PERTINENT TO A LINE OR LINES OF BUSINESS WRITTEN BY THE COMPANY IN THIS STATE.

~~(B)~~ (III) Any company desiring to qualify an office in this state as a home or regional home office shall make application for qualification to the commissioner on forms prescribed by the commissioner and shall submit proof that it is operating a home or a regional home office in this state. Applications for companies that were not approved in the immediate preceding year shall be received by the commissioner by December 31 of the year immediately preceding the year for which the application for qualification is being made. Applications for companies that were approved in the immediate preceding year shall be received by the commissioner by March 1 of the year for which qualification is being made. Applications for companies that were approved in the immediate preceding year received through March 31 shall pay a late charge of one hundred dollars per day for each day after March 1 that any such application is received by the

commissioner. Applications received after March 31 shall be denied. The provisions of subsection (2) of this section shall not apply to companies maintaining a home office or regional home office in this state.

~~(HH) The commissioner may consider for approval applications of companies that maintain significant direct insurance operations in Colorado and perform operational functions, for a line or lines of business written, substantially equivalent to those enumerated in subparagraph (H) of this paragraph (b).~~

SECTION 2. Act subject to petition - effective date - applicability. (1) This act takes effect January 1, 2017; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within the ninety-day period after final adjournment of the general assembly, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2016 and, in such case, will take effect on January 1, 2017, or on the date of the official declaration of the vote thereon by the governor, whichever is later.

(2) This act applies to applications or renewal applications for home office or regional home office approval filed with the division of insurance on or after the applicable effective date of this act.



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PRESIDENT OF
THE SENATE



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Effie Ameen
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THE SENATE



Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED 9:04 am 6/10/16



John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO