

# State of South Dakota

EIGHTY-FIFTH SESSION  
LEGISLATIVE ASSEMBLY, 2010

834R0324

## HOUSE BILL NO. 1124

Introduced by: Representatives Lange and Feickert and Senator Kloucek

1 FOR AN ACT ENTITLED, An Act to repeal the premium and annuity tax imposed on  
2 insurance companies.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 10-44-2 be repealed.

5 ~~— 10-44-2. Any company doing insurance business in this state shall pay a tax at the rates~~  
6 ~~specified in this section. The tax shall be paid to the Division of Insurance at the time the~~  
7 ~~company files its annual statement, or, if no annual statement is required, then before March~~  
8 ~~first of each year.~~

9 ~~— If, during the previous year, a company paid more than five thousand dollars in premium~~  
10 ~~taxes in this state, the company shall submit payments equal to one-quarter of the previous year's~~  
11 ~~premium taxes to the Division of Insurance on April thirtieth, July thirty-first, October thirty-~~  
12 ~~first, and January thirty-first. The quarterly payments shall be credited against the amount due~~  
13 ~~from the company at the time the company files its annual statement, or if no annual statement~~  
14 ~~is required, then on March first of each year. The director of the Division of Insurance may~~  
15 ~~waive the requirement in writing for quarterly payments or reduce the amount of deposit if the~~



1 ~~director finds the requirement would impose an undue premium tax on a company because of~~  
2 ~~a significant decline in sales within the state. If the sum of the quarterly payments exceeds the~~  
3 ~~total taxes due, the director shall credit the overpayment against subsequent amounts due or, if~~  
4 ~~requested in writing at the time the company files its annual statement, refund the overpayment~~  
5 ~~to the company. If the overpayment cannot be credited, there is excess remaining after the credit~~  
6 ~~is taken on the annual statement, or the refund is not requested, the division may refund the~~  
7 ~~amount overpaid by May first of the following year. The rates are:~~

8 ~~—— (1) — On each domestic company, two and one-half percent of premiums, except for life~~  
9 ~~insurance policies, other than credit life as defined in chapter 58-19, of a face amount~~  
10 ~~of seven thousand dollars or less, for which the rate is one and one-fourth percent of~~  
11 ~~premiums; and one and one-fourth percent of the consideration for annuity contracts.~~

12 ~~However, the rate for life insurance and annuities shall be computed as follows:~~

13 ~~———— (a) — Two and one-half percent of premiums for a life policy on the first one~~  
14 ~~hundred thousand dollars of annual premium, and eight one-hundredths of a~~  
15 ~~percent for that portion of a policy's annual life premiums exceeding one~~  
16 ~~hundred thousand dollars; and~~

17 ~~———— (b) — One and one-fourth percent of the consideration for an annuity contract on the~~  
18 ~~first five hundred thousand dollars of consideration, and eight one-hundredths~~  
19 ~~of a percent for that portion of the consideration on an annuity contract~~  
20 ~~exceeding five hundred thousand dollars.~~

21 ~~———— The tax also applies to premiums for insurance written on individuals residing~~  
22 ~~outside this state or property located outside this state if no comparable tax is paid~~  
23 ~~by the direct writing company to any other appropriate taxing authority. However, the~~  
24 ~~tax applies only to premiums for insurance written after July 1, 1980, on individuals~~

1           residing outside of the United States;

2   ~~(2) On each foreign company the rate shall be computed as follows:~~

3   ~~(a) Two and one-half percent of premiums, except for life insurance policies,~~  
4           ~~other than credit life as defined in chapter 58-19, of a face amount of seven~~  
5           ~~thousand dollars or less, for which the rate is one and one-fourth percent of~~  
6           ~~premiums;~~

7   ~~(b) Two and one-half percent of premiums for a life policy on the first one~~  
8           ~~hundred thousand dollars of annual premium, and eight one-hundredths of a~~  
9           ~~percent for the portion of a policy's annual life premiums exceeding one~~  
10          ~~hundred thousand dollars; and~~

11   ~~(c) One and one-fourth percent of the consideration for an annuity contract on the~~  
12          ~~first five hundred thousand dollars of consideration, and eight one-hundredths~~  
13          ~~of a percent for that portion of the consideration on an annuity contract~~  
14          ~~exceeding five hundred thousand dollars;~~

15   ~~(3) On each insurer not licensed or not authorized to do business in this state the rate~~  
16          ~~shall be computed as follows:~~

17   ~~(a) Two and one-half percent of premiums, except for life insurance policies,~~  
18           ~~other than credit life as defined in chapter 58-19, of a face amount of seven~~  
19           ~~thousand dollars or less, for which the rate is one and one-fourth percent of~~  
20           ~~premiums;~~

21   ~~(b) Two and one-half percent of premiums for a life policy on the first one~~  
22           ~~hundred thousand dollars of annual premium, and eight one-hundredths of a~~  
23           ~~percent for that portion of a policy's annual life premiums exceeding one~~  
24           ~~hundred thousand dollars; and~~

1 ~~———— (c) ——— One and one-fourth percent of the consideration for an annuity contract on the~~  
2 ~~first five hundred thousand dollars of consideration, and eight one-hundredths~~  
3 ~~of a percent for that portion of the consideration on an annuity contract~~  
4 ~~exceeding five hundred thousand dollars;~~

5 ~~—— (4) ——— Fourteen dollars for each insurance policy issued or renewed for workers'~~  
6 ~~compensation coverage.~~

7 ~~—— Revenue from subdivision (4) of this section shall be deposited in the insurance operating~~  
8 ~~fund of the state treasury and is dedicated to the Department of Labor for purposes of~~  
9 ~~automating the administration of the workers' compensation law and supporting the Workers'~~  
10 ~~Compensation Advisory Council.~~

11 Section 2. That §§ 10-44-1 and 10-44-1.1 and §§ 10-44-2.1 to 10-44-16, inclusive, be  
12 repealed.