

Approved: Jan. 27, 1998
Date

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE

The meeting was called to order by Chairperson Dennis Wilson at 1:36 p.m. on January 21, 1998 in Room 527-S of the State Capitol.

All members were present except: Representative Bill McCreary, excused
Representative Jim Garner, excused
Representative Mary Compton, excused

Committee staff present: Bill Wolff, Legislative Research Department
Robert Nugent, Revisor of Statutes
Beth James, Committee Secretary

Conferees appearing before the committee: Tom Wilder, Kansas Insurance Department
John Bottenberg, Delta Dental

Others attending: See attached list

The meeting was called to order by Chairperson Wilson at 1:36 p.m. Chairperson Wilson opened the hearing on **HB2639**.

HB2639: Adjustment of premium tax for non profit dental service corporations.

The Chairperson called Tom Wilder to the podium to speak as a proponent. Mr. Wilder introduced Marty Kennedy, who is the comptroller and handles the tax functions department for the Kansas Insurance Department. Mr. Wilder said that this bill was designed to correct an oversight in the premium tax bill that was passed last year. (Attachment #1) Mr. Wilder said that they are suggesting that this bill be made effective with its publication in the Kansas Register. And, that it be put on the consent calendar as quickly as possible because the first payment of the 1997 taxes is due March 1.

Chairperson Wilson asked if there were any other speakers. John Bottenberg said that he was here representing Delta Dental and they fully support the bill.

There were no opponents to **HB2639**. Chairperson Wilson opened the floor for questions. There were none. The Chairperson closed the hearing on this bill. Representative Johnston made a motion to pass HB2639 out favorably and that it be placed on the Consent Calendar with the effective date being the publication in the Kansas Register. The motion was seconded by Representative Burroughs. There was no discussion. The Chairperson called for the vote and the motion passed unanimously.

Chairperson Wilson asked if any of the committee members wanted to introduce any committee bills. There were none. Chairperson Wilson said he had a proposed bill that he had spoken to staff about drafting as a committee bill. The original bill was introduced in 1995 and never got a hearing. It relates to title insurance companies requiring certain disclosures and allowing people that own real estate companies to own a larger share than the title companies. Chairperson Wilson asked the committee to accept this as a committee bill.

**CONTINUATION SHEET
HOUSE COMMITTEE ON INSURANCE, JANUARY 21, 1998
ROOM 527 AT 1:30 P.M.**

Representative Tomlinson made a motion that the committee accept this as a committee bill. The motion was seconded by Representative Stone. The Chairperson called for discussion. Someone asked if the bill had been drafted yet. The Chairperson said no. The Chairperson call for a vote to accept this proposed legislation as a committee bill. The committee voted unanimously to make this a committee bill.

The Chairperson announced that copies of the Committee Rules and Rules for Conferees was now available from the committee secretary.

There was no further business. The meeting was adjourned at 1:44 p.m. The next meeting will be January 22, 1998.



Kathleen Sebelius
Commissioner of Insurance
Kansas Insurance Department
MEMORANDUM

To: House Insurance Committee

From: Tom Wilder

Re: H.B. 2639 (Insurance Premium Taxes)

Date: January 21, 1996

I am appearing to ask for your support for House Bill 2639 which will correct an oversight with the premium tax legislation that passed last year. As you recall, this committee in 1997 corrected a constitutional problem with our tax laws which discriminated between domestic (Kansas domiciled) and foreign insurance companies. The new law provides that effective with tax year 1988, all companies will be assessed a uniform 2% tax on premiums collected in Kansas. Insurers were given a tax credit for Kansas based employees to encourage economic development.

Unfortunately, when the bill was passed by the Legislature, there was an oversight which will result in one Kansas company paying higher taxes for this year. Delta Dental is classified in our law as a service corporation which provides dental benefits. The company is listed in a separate part of the tax statute. The incorrect wording of the provision will change their tax rate to 2% effective with tax year 1997, rather than 1998 as for all other domestic and foreign insurance carriers. As a result, Delta Dental will pay approximately \$70,000 in taxes in 1997 above what they should be assessed.

The tax bill as it passed the House was correctly worded. When the bill was amended in the Senate, the provision was inadvertently changed. The Insurance Department is asking the Legislature to correct this oversight so that Delta Dental is not placed at a disadvantage. We are also requesting that the bill be made effective with its publication in the Kansas Register so that Delta Dental's first tax bill for 1997, which is due March 1st, will reflect the correct amount of their tax.

*HOUSE INSURANCE
Attachment # 1
1-21-98*