

SESSION OF 2025

SUPPLEMENTAL NOTE ON SENATE BILL NO. 32

As Amended by House Committee on Insurance

Brief*

SB 32, as amended, would reduce insurance company premium tax rates from 2.0 percent to 1.98 percent per year for tax year 2026 and subsequent years. Beginning January 1, 2026, the bill would remove the requirement that the 1.0 percent of insurance company premium taxes received by the Commissioner of Insurance (Commissioner) be transferred to the State Treasurer to the credit of the Insurance Department Service Regulation Fund.

The bill would require that all reports and returns required by the bill, and rules and regulations adopted pursuant to the bill, be preserved for a minimum of three years or until the Commissioner orders such documents destroyed.

The bill would remove outdated statutory language and make technical amendments.

The bill would take effect on January 1, 2026, and upon publication in the *Kansas Register*.

Entities Eligible for Reduced Premium Tax Rates

The premium tax rate reduction would apply to the following entities organized under Kansas law or the laws of any other state, territory, or country:

- Capital stock insurance companies;

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

- Mutual legal reserve life insurance companies;
- Mutual life, accident, and health associations;
- Mutual fire, hail, casualty, and multiple line insurers [Note: Hail is not included in this line of insurers for entities organized under the laws of any other state, territory, or country.];
- Reciprocal or interinsurance exchanges;
- Mutual nonprofit hospital service corporations;
- Nonprofit medical service corporations;
- Nonprofit dental service corporations;
- Nonprofit optometric service corporations; and
- Nonprofit pharmacy service corporations.

Background

The bill was introduced by the Senate Committee of Assessment and Taxation at the request of a representative of the Kansas Insurance Department (Department).

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, **proponent** testimony was provided by a representative of the Department, who stated the state premium tax is assessed on all premium insurance written by insurance companies in Kansas. The representative noted, with the exception of the 1.0 percent of all premium taxes collected that are retained by the Department for administrative purposes, the premium tax collections are remitted to the State General Fund (SGF). The representative stated the bill would eliminate the portion of the premium tax retained by the Department, which the

Department has determined is not needed, and lower the tax rate by the difference.

No other testimony was provided.

Following discussion on the bill, the Senate Committee recommended the bill be placed on the Consent Calendar.

House Committee on Insurance

In the House Committee hearing, **proponent** testimony was provided by a representative of the Department, which mirrored the testimony provided during the Senate Committee hearing. The representative clarified the premium tax fee would be reduced by 0.02 percent.

No other testimony was provided.

Following discussion on the bill, the House Committee amended the bill to take effect upon publication in the *Kansas Register*.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department indicates enactment of the bill would reduce the agency's Insurance Department Service Regulation Fund revenues by approximately \$2.0 million each fiscal year beginning in FY 2026. The Department also indicates the bill would not affect SGF revenues. Although the total tax collected is reduced, the elimination of the 1.0 percent transferred to the Department from that tax would make the bill revenue neutral for the SGF. Any fiscal effect associated with the bill is not reflected in *The FY 2026 Governor's Budget Report*.

Insurance; insurance companies; premium tax rate; Kansas Insurance Department; Insurance Department Service Regulation Fund