
Committee Report

CONSENT CALENDAR

March 27, 2019

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on Ways and Means to which was referred HB 620-FN,

AN ACT relative to the penalty fee structure for late premium tax payments. Having considered the same, report the same with the recommendation that the bill OUGHT TO PASS.

Rep. Jerry Stringham

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	Ways and Means
Bill Number:	HB 620-FN
Title:	relative to the penalty fee structure for late premium tax payments.
Date:	March 27, 2019
Consent Calendar:	CONSENT
Recommendation:	OUGHT TO PASS

STATEMENT OF INTENT

This bill is a request of the Insurance Department to simplify the penalty fee for insurers when they pay their premium taxes late. Currently, such penalties vary widely, depending upon the type of insurer or the statute under which the premium tax is filed. The current method requires the computation of different penalty percentages based on those differences. The Insurance Department believes an established penalty fee schedule will improve operations in the Department by simplifying the way penalty fees are calculated. This is a second committee bill and was unchanged by the Ways and Means Committee. The fiscal note indicates the revised late fee structure is anticipated to result in approximately \$140,000 less fees annually.

Vote 20-0.

Rep. Jerry Stringham
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

CONSENT CALENDAR

Ways and Means

HB 620-FN, relative to the penalty fee structure for late premium tax payments. **OUGHT TO PASS.**

Rep. Jerry Stringham for Ways and Means. This bill is a request of the Insurance Department to simplify the penalty fee for insurers when they pay their premium taxes late. Currently, such penalties vary widely, depending upon the type of insurer or the statute under which the premium tax is filed. The current method requires the computation of different penalty percentages based on those differences. The Insurance Department believes an established penalty fee schedule will improve operations in the Department by simplifying the way penalty fees are calculated. This is a second committee bill and was unchanged by the Ways and Means Committee. The fiscal note indicates the revised late fee structure is anticipated to result in approximately \$140,000 less fees annually. **Vote 20-0.**

COMMITTEE REPORT

Committee:	Ways and Means
Bill Number:	HB 620-FN
Title:	relative to the penalty fee structure for late premium tax payments.
Date:	March 27, 2019
Consent Calendar:	CONSENT
Recommendation:	OUGHT TO PASS <<Amendment #>>

STATEMENT OF INTENT

This bill is a request of the Insurance Department to simplify the penalty fee for insurers when they pay their premium taxes late. Currently, such penalties vary widely, depending upon the type of insurer or the statute under which the premium tax is filed. The current method requires the computation of different penalty percentages based on those differences. The Insurance Department believes an established penalty fee schedule will improve operations in the department by simplifying the way penalty fees are calculated. This is a second committee bill and was unchanged by Ways and Means. The fiscal note indicates the revised late fee structure is anticipated to result in \$140,000 less fees annually.

Vote 20-0.

Rep. Jerry Stringham
FOR THE COMMITTEE



Original: House Clerk
Cc: Committee Bill File

COMMITTEE REPORT

Stringer

COMMITTEE: Ways and Means

BILL NUMBER: 620

TITLE: relative to the penalty fee structure for late premium tax payments

DATE: 3/27/19 CONSENT CALENDAR: YES NO

- OUGHT TO PASS
- OUGHT TO PASS W/ AMENDMENT
- INEXPEDIENT TO LEGISLATE
- INTERIM STUDY (Available only 2nd year of biennium)

Amendment No.

STATEMENT OF INTENT:

COMMITTEE VOTE: 20-0

RESPECTFULLY SUBMITTED,

- Copy to Committee Bill File
- Use Another Report for Minority Report

Rep. Jay M. Stringer
For the Committee

Voting Sheets

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 620-FN

BILL TITLE: relative to the penalty fee structure for late premium tax payments.

DATE: March 27, 2019

LOB ROOM: 202

MOTIONS: OUGHT TO PASS

Moved by Rep. Stringham

Seconded by Rep. Abrami

Vote: 20-0

CONSENT CALENDAR: YES

Statement of Intent: Refer to Committee Report

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Dennis Malloy".

Rep Dennis Malloy, Clerk

HOUSE COMMITTEE ON WAYS AND MEANS

EXECUTIVE SESSION on HB 620-FN

BILL TITLE: relative to the penalty fee structure for late premium tax payments.

DATE: 3/27/19

LOB ROOM: 202

MOTION: (Please check one box)

OTP ITL Retain (1st year) Adoption of Amendment # _____
 Interim Study (2nd year) (if offered)

Moved by Rep. Stringham Seconded by Rep. DeBarrin Vote: 20-0

MOTION: (Please check one box)

OTP OTP/A ITL Retain (1st year) Adoption of Amendment # _____
 Interim Study (2nd year) (if offered)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

MOTION: (Please check one box)

OTP OTP/A ITL Retain (1st year) Adoption of Amendment # _____
 Interim Study (2nd year) (if offered)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

MOTION: (Please check one box)

OTP OTP/A ITL Retain (1st year) Adoption of Amendment # _____
 Interim Study (2nd year) (if offered)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

CONSENT CALENDAR: YES NO

Minority Report? _____ Yes No If yes, author, Rep: _____ Motion _____

Respectfully submitted: Rep Thomas Southwell
Rep Dennis Malloy, Clerk

OFFICE OF THE HOUSE CLERK



[Handwritten checkmark]

1/14/2019 3:28:29 PM
Roll Call Committee Registers
Report

2019 SESSION

Ways and Means

Bill #: 620 Motion: _____ AM #: _____ Exec Session Date: 3/27/19

<u>Members</u>	<u>YEAS</u>	<u>Nays</u>	<u>NV</u>
Almy, Susan W. Chairman	X		
Ames, Richard Vice Chairman	X		
Karrick, David B.	X		
Southworth, Thomas L.	X		
Malloy, Dennis J. Clerk <i>DAVIS</i>	X		
Schamberg, Thomas C. <i>Klee</i>	X		
Tucker, Edith M.	X		
Bunker, Lisa H.	X		
Gomarlo, Jennie R.	X		
Griffith, Willis T.	X		
Loughman, Tom J.	X		
Stringham, Jerry M.	X		
Major, Norman L.	X		
Griffin, Mary E.	X		
Ulery, Jordan G.	X		
Abrami, Patrick F.	X		
Burns, Charles C.S.	X		
Doucette, Fred G.	X		
Edwards, Jess C. <i>PEARSON</i>	X		
Bershtein, Alan	X		
TOTAL VOTE: <i>20-0</i>			

20-0

Hearing Minutes

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 620-FN

BILL TITLE: relative to the penalty fee structure for late premium tax payments.

DATE: March 14, 2019

LOB ROOM: 202 **Time Public Hearing Called to Order:** 10:00 a.m.

Time Adjourned: 10:10 a.m.

Committee Members: Reps. Almy, Ames, Malloy, Karrick, Southworth, Schamberg, Tucker, Bunker, Gomarlo, Loughman, Stringham, Major, M. Griffin, Ulery, Abrami, Burns, Doucette, Edwards and Bershtein

Bill Sponsors:
Rep. Hunt

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

*Rep. Schamberg - Introduced Bill. Read bill on behalf of bill sponsor Rep. John Hunt.

John Elias - NH Insurance Dept. - supports bill. Large fines paid out by corporation are passed along to consumers. This bill simplifies penalty fee for insurer when fines are paid late. This bill creates a "staggered" penalty structure to encourage payment of taxes on time. There is no room for reprieve right now.

Respectfully submitted,



Rep. Dennis Malloy, Clerk

HOUSE COMMITTEE ON WAYS AND MEANS

PUBLIC HEARING ON HB 620-FN

BILL TITLE: relative to the penalty fee structure for late premium tax payments.

DATE: 3/14/2019

ROOM: 202

Time Public Hearing Called to Order: 10:00

Time Adjourned: 10:10

(please circle if present)

Committee Members: Reps. Almy, Ames, Malloy, Karrick, Southworth, Schamberg, Tucker, Bunker, Gomarolo, Griffith, Loughman, Stringham, Major, M. Griffin, Ulery, Abrami, Burns, Doucette, Edwards and Bershtein

Bill Sponsors:
Rep. Hunt

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

* Rep Schamberg introduces bill. reads on behalf of bill sponsor John Hunt. John Elian supports bill Commissioner of Insurance Department. Large fines paid out by corporations are passed along to consumers. This bill simplifies penalty fee for insurers when fines are paid late. This bill creates a "staggered" fee penalty structure to encourage payment / taxes on time. There is no room for review right now.

Testimony

HB 620-FN

relative to the penalty fee structure for late premium tax payments

morning ways means
~~Good afternoon Commerce Committee members,~~

I am introducing HB 620-FN at the request of the Insurance Department. This bill will simplify the penalty fee for insurers when they pay their premium taxes late. Currently, such penalties vary widely, depending on the type of insurer or the RSA under which the premium tax is filed, and then require computation of different penalty percentages accordingly. The Insurance Department hopes to encourage more timely payments of the premium taxes due by establishing a graduated fee schedule, where the fine starts small and increases the later the filing gets. In addition, a simplified penalty fee will serve to foster more efficient operations in the Department by simplifying the calculation of penalty fees.

We have some folks here from the Department to answer any questions you may have.

Thank you for your consideration of HB 620-FN.

From Rep. John Hunt

Fiscal Note

LBAO
19-0682
1/7/19

**HB 620-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the penalty fee structure for late premium tax payments.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2020	FY 2021	FY 2022	FY 2023
Appropriation	\$0	\$0	\$0	\$0
Revenue	(\$139,560)	(\$139,560)	(\$139,560)	(\$139,560)
Expenditures	\$0	\$0	\$0	\$0
<i>Funding Source:</i>	<input checked="" type="checkbox"/> General	<input type="checkbox"/> Education	<input type="checkbox"/> Highway	<input checked="" type="checkbox"/> Other -

METHODOLOGY:

This bill establishes a graduated penalty schedule for late payments on taxes and payments to the administration fund collected by the Insurance Department. The Department computed an annual average of penalties collected over the past five years under current law. The Department then calculated what the penalties would have been under the proposed graduated penalties of 3% for 1-30 days past due, 6% for 31-60 days, and 12% for balances past due for more than 60 days. Based on a comparison of current law and the proposed law, the Department determined the average annual penalty revenue would decrease by \$139,560.

AGENCIES CONTACTED:

Insurance Department

Bill as Introduced

HB 620-FN - AS INTRODUCED

2019 SESSION

19-0682
01/05

HOUSE BILL

620-FN

AN ACT

relative to the penalty fee structure for late premium tax payments.

SPONSORS:

Rep. Hunt, Ches. 11

COMMITTEE:

Commerce and Consumer Affairs

ANALYSIS

This bill establishes a graduated fee schedule for payment of the insurance premium tax.

This bill is a request of the insurance department.

Explanation:

Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struck through~~].

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Nineteen

AN ACT relative to the penalty fee structure for late premium tax payments.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Premium Tax; Collection, Minimum, Penalty, and Prepayments. Amend RSA 400-A:32, IV to
2 read as follows:

3 IV. Any insurer failing to file the report required by RSA 400-A:31 or failing to remit the
4 proper tax within the time for filing shall pay a penalty [~~equal to 10~~] ***contingent upon the***
5 ***number of days that have passed since the due date. For late payments received 1-30 days***
6 ***after the due date, the penalty fee shall be 3 percent [en] of the amount of the tax due. For***
7 ***late payments received 31-60 days after the due date, the penalty fee shall be 6 percent of***
8 ***the amount of tax due. For late payments received more than 60 days after the due date,***
9 ***the penalty fee shall be 12 percent of the amount of tax due.*** If the tax or the estimated tax is
10 not paid when due, the commissioner may suspend or revoke the insurer's certificate of authority.

11 2 Insurance Department; Administrative Fund. Amend RSA 400-A:39, XI to read as follows:

12 XI. Any insurer that does not pay amounts due under this section within 45 days of the
13 billing date shall incur a late payment penalty [~~equal to 10 percent of the amount assessed. In~~
14 ~~addition, the sum total of the assessment and penalty shall accrue with interest, from the 45th day~~
15 ~~until the date of payment, at a rate of 0.050 percent per day compounded daily]~~ ***contingent upon***
16 ***the number of days that have passed since the due date. For late payments received 1-30***
17 ***days after the due date, the penalty fee shall be 3 percent of the amount of tax due. For***
18 ***late payments received 31-60 days after the due date, the penalty fee shall be 6 percent of***
19 ***the amount of tax due. For late payments received more than 60 days after the due***
20 ***date, the penalty fee shall be 12 percent of the amount of tax due.***

21 3 Foreign Insurance Companies; Annual Statements; Tax. Amend RSA 405:29, II to read as
22 follows:

23 II. Any producer failing to file the report or failing to remit the proper tax within the time
24 period for filing shall pay a penalty [~~equal to 10~~] ***contingent upon the number of days that have***
25 ***passed since the due date. For late payments received 1-30 days after the due date, the***
26 ***penalty fee shall be 3 percent of the amount of tax due. For late payments received 31-60 days***
27 ***after the due date, the penalty fee shall be 6 percent of the amount of tax due. For late***
28 ***payments received more than 60 days after the due date, the penalty fee shall be 12 percent***
29 ***of the amount of tax due.***

30 4 Risk Retention Act; Risk Retention Groups Not Chartered in This State. Amend RSA 405-
31 A:3, III(a) to read as follows:

HB 620-FN - AS INTRODUCED

- Page 2 -

1 (a) Each risk retention group shall be liable for the payment of premium taxes and
2 taxes on premiums of direct business for risks resident or located within this state, and shall report
3 to the commissioner the net premiums written for risks resident or located within this state. Such
4 risk retention group shall be subject to taxation, and any applicable fines and penalties related
5 thereto, on the same basis as a foreign admitted insurer. *A risk retention group failing to remit*
6 *the proper tax within the time period for filing shall pay a penalty contingent upon the*
7 *number of days that have passed since the due date. For late payments received 1-30 days*
8 *after the due date, the penalty fee shall be 3 percent of the amount of tax due. For late*
9 *payments received 31-60 days after the due date, the penalty fee shall be 6 percent of the*
10 *amount of tax due. For late payments received more than 60 days after the due date, the*
11 *penalty fee shall be 12 percent of the amount of tax due.*

12 5 Unauthorized Insurance Premium Tax. Amend RSA 406-B:11, I to read as follows:

13 I. Except as to premiums on lawfully procured surplus lines insurance pursuant to the
14 surplus lines laws of this state, and premiums on unlicensed insurance procured by industrial
15 insurers on which a tax has been paid pursuant to RSA 406-B:16, VI and premiums on
16 independently procured insurance on which a tax has been paid pursuant to RSA 406-B:17, every
17 unauthorized insurer shall pay to the commissioner before March 1 next succeeding the calendar
18 year in which the insurance was so effectuated, continued or renewed a premium receipts tax of 4
19 percent of gross premiums charged for such insurance other than marine insurance and a premium
20 receipts tax of 2 percent of gross premiums charged for such marine insurance on subjects resident,
21 located or to be performed in this state. Such insurance on subjects resident, located or to be
22 performed in this state procured through negotiations or an application, in whole or in part
23 occurring or made within or from within or outside of this state, or for which premiums in whole or
24 in part are remitted directly or indirectly from within or outside of this state, shall be deemed to be
25 insurance procured, or continued or renewed in this state. The term "premium" includes all
26 premiums, membership fees, assessments, dues, and any other consideration for insurance. Such
27 tax shall be in lieu of all taxes and fire department dues. On default of any such unauthorized
28 insurer in the payment of such tax the insured shall pay the tax. If the tax prescribed by this
29 section is not paid within the time stated, the tax shall be increased by a penalty [~~of 25 percent and~~
30 ~~by the amount of an additional penalty computed at the rate of one percent per month or any part~~
31 ~~thereof from the date such payment was due to the date paid.] *contingent upon the number of*
32 *days that have passed since the due date. For late payments received 1-30 days after the*
33 *due date, the penalty fee shall be 3 percent of the amount of tax due. For late payments*
34 *received 31-60 days after the due date, the penalty fee shall be 6 percent of the amount of*
35 *tax due. For late payments received more than 60 days after the due date, the penalty fee*
36 *shall be 12 percent of the amount of tax due.*~~

37 6 Unauthorized Insurance Premium Tax. Amend RSA 406-B:16, VI(b) to read as follows:

38 (b) Any insured failing to file the report or failing to remit the proper tax within the

1 time period for filing shall pay a penalty [~~equal to 10~~] *contingent upon the number of days that*
2 *have passed since the due date. For late payments received 1-30 days after the due date,*
3 *the penalty fee shall be 3 percent of the amount of tax due. For late payments received 31-60*
4 *days after the due date, the penalty fee shall be 6 percent of the amount of tax due. For*
5 *late payments received more than 60 days after the due date, the penalty fee shall be 12*
6 *percent of the amount of tax due.*

7 7 Independently Procured Insurance. Amend RSA 406-B:17, V to read as follows:

8 V. If the insured fails to withhold from the premiums the amount of tax herein levied, the
9 insured shall be liable for the amount thereof and shall pay the same to the commissioner within
10 the time stated in paragraph III. If the tax prescribed by this section is not paid within the time
11 stated in paragraph III, the tax shall be increased by a penalty [~~of 25 percent and by the amount of~~
12 ~~an additional penalty computed at the rate of one percent per month or any part thereof from the~~
13 ~~date such payment was due to the date paid]~~ *contingent upon the number of days that have*
14 *passed since the due date. For late payments received 1-30 days after the due date, the*
15 *penalty fee shall be 3 percent of the amount of tax due. For late payments received 31-60*
16 *days after the due date, the penalty fee shall be 6 percent of the amount of tax due. For*
17 *late payments received greater than 60 days after the due date, the penalty fee shall be 12*
18 *percent of the amount of tax due.*

19 8 Effective Date. This act shall take effect January 1, 2020.

Committee Report

CONSENT CALENDAR

February 27, 2019

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Committee on Commerce and Consumer Affairs to
which was referred HB 620-FN,**

**AN ACT relative to the penalty fee structure for late
premium tax payments. Having considered the same,
report the same with the recommendation that the bill
OUGHT TO PASS.**

Rep. Garrett Muscatel

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	Commerce and Consumer Affairs
Bill Number:	HB 620-FN
Title:	relative to the penalty fee structure for late premium tax payments.
Date:	February 27, 2019
Consent Calendar:	CONSENT
Recommendation:	OUGHT TO PASS

STATEMENT OF INTENT

This bill is a request of the Insurance Department to simplify the penalty fee for insurers when they pay their premium taxes late. Currently, such penalties vary widely, depending upon the type of insurer or the statute under which the premium tax is filed. The current method requires the computation of different penalty percentages based on those differences. The Insurance Department hopes to encourage more timely payments of the premium taxes due by establishing a graduated fee schedule, where the fine starts small and increases the later the filing gets. In addition, an established penalty fee schedule will serve to foster more efficient operations in the department by simplifying the way penalty fees are calculated.

Vote 19-1.

Rep. Garrett Muscatel
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

CONSENT CALENDAR

Commerce and Consumer Affairs

HB 620-FN, relative to the penalty fee structure for late premium tax payments. **OUGHT TO PASS.**

Rep. Garrett Muscatel for Commerce and Consumer Affairs. This bill is a request of the Insurance Department to simplify the penalty fee for insurers when they pay their premium taxes late. Currently, such penalties vary widely, depending upon the type of insurer or the statute under which the premium tax is filed. The current method requires the computation of different penalty percentages based on those differences. The Insurance Department hopes to encourage more timely payments of the premium taxes due by establishing a graduated fee schedule, where the fine starts small and increases the later the filing gets. In addition, an established penalty fee schedule will serve to foster more efficient operations in the department by simplifying the way penalty fees are calculated. **Vote 19-1.**

HB 620-FN - relative to the penalty fee structure for late premium tax payments

HB 620-FN, relative to the penalty fee structure for late premium tax payments.

UGHT TO PASS. Rep. Garrett Muscatel for Commerce and Consumer Affairs. This bill is a request of the Insurance Department to simplify the penalty fee for insurers when they pay their premium taxes late. Currently, such penalties vary widely, depending upon the type of insurer or the RSA under which the premium tax is filed. The current method requires the computation of different penalty percentages based on those differences. The Insurance Department hopes to encourage more timely payments of the premium taxes due by establishing a graduated fee schedule, where the fine starts small and increases the later the filing gets. In addition, an established penalty fee schedule will serve to foster more efficient operations in the Department by simplifying the way penalty fees are calculated.

Stapler, Carol

From: Garrett Muscatel <repmuscatel@gmail.com>
Sent: Tuesday, February 19, 2019 11:53 AM
To: Stapler, Carol
Subject: Fwd: Calendar blurb for HB 620
Attachments: Calendar Blurb for HB 620-FN.docx

Here's the blurb from the Insurance Department, and it looks good to me.

Garrett Muscatel
State Representative, Hanover and Lyme
(805)750-9973
Dartmouth '20

From: Mobley, Martha V <martha.mobley@ins.nh.gov>
Sent: Thursday, February 14, 2019 12:31 PM
To: Representative Muscatel
Subject: Calendar blurb for HB 620

Good afternoon Representative,

Attached is the Calendar Blurb for HB 620 (relative to the penalty fee structure for late premium tax payments). Please feel free to edit or modify as you see fit, and don't hesitate to contact me if you have any questions, concerns, or comments.

Thank you!

Marty

Marty Mobley | Legal Coordinator
NH Insurance Department

Voting Sheets

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

EXECUTIVE SESSION on HB 620-FN

BILL TITLE: relative to the penalty fee structure for late premium tax payments.

DATE: February 13, 2019

LOB ROOM: 302

MOTIONS: OUGHT TO PASS

Moved by Rep. Muscatel

Seconded by Rep. Van Houten

Vote: 19-1

CONSENT CALENDAR: YES

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep Rebecca McBeath, Clerk

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

EXECUTIVE SESSION on HB 620-FN

BILL TITLE: relative to the penalty fee structure for late premium tax payments.

DATE: 2/13/19

LOB ROOM: 302

MOTION: (Please check one box)

- OTP
- ITL
- Retain (1st year)
- Adoption of Amendment # _____ (if offered)
- Interim Study (2nd year)

Moved by Rep. Muscater Seconded by Rep. Van Houten Vote: 9-1

MOTION: (Please check one box)

- OTP
- OTP/A
- ITL
- Retain (1st year)
- Adoption of Amendment # _____ (if offered)
- Interim Study (2nd year)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

MOTION: (Please check one box)

- OTP
- OTP/A
- ITL
- Retain (1st year)
- Adoption of Amendment # _____ (if offered)
- Interim Study (2nd year)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

MOTION: (Please check one box)

- OTP
- OTP/A
- ITL
- Retain (1st year)
- Adoption of Amendment # _____ (if offered)
- Interim Study (2nd year)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

CONSENT CALENDAR: YES NO

Minority Report? Yes No If yes, author, Rep: _____ Motion

Respectfully submitted: [Signature]
Rep Rebecca McBeath, Clerk



2019 SESSION

Commerce and Consumer Affairs

Bill #: HB 620-FN Motion: OTP AM #: _____ Exec Session Date: 2/13/19

<u>Members</u>	<u>YEAS</u>	<u>Nays</u>	<u>NV</u>
Butler, Edward A. Chairman	✓		
Williams, Kermit R. Vice Chairman	✓		
Gidge, Kenneth N. <i>Matthew Toom</i>	✓		
Abel, Richard M.	✓		
McBeath, Rebecca Susan Clerk		✓	
Bartlett, Christy D.	✓		
Herbert, Christopher J.	✓		
Van Houten, Constance	✓		
Fargo, Kristina M.	✓		
Indruk, Greg L.	✓		
Muscatel, Garrett D.	✓		
Weston, Joyce	✓		
Hunt, John B.	✓		
Sanborn, Laurie J.	✓		
Osborne, Jason M.	✓		
Costable, Michael	✓		
Plumer, John R.	✓		
Barnes, Arthur E.	✓		
Potucek, John M.	✓		
Warden, Mark	✓		
TOTAL VOTE:	19	1	

Sub-Committee Minutes

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

SUBCOMMITTEE WORK SESSION on HB 620-FN

BILL TITLE: relative to the penalty fee structure for late premium tax payments.

DATE: February 13, 2019

Subcommittee Members: Reps. Butler, Bartlett, Fargo, Muscatel, Weston, Hunt, Barnes and Potucek

Comments and Recommendations: Insurance Dept. - OK, may need an amendment but not ready; can move ahead as it is with real value.

MOTIONS: OUGHT TO PASS

Moved by Rep. Rep. Fargo

Seconded by Rep. Rep. Potucek

Vote: 8-0

Respectfully submitted,

Rep. Kristina Fargo
Subcommittee Clerk

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

SUBCOMMITTEE WORK SESSION on HB 620-FN

BILL TITLE: relative to the penalty fee structure for late premium tax payments.

DATE: 2-13-19

Subcommittee Members: Reps. Butler, Williams, McBeath, Gidge, Abel, Bartlett, Herbert, Van Houten, Fargo, Indruk, Muscatel, Weston, Hunt, Sanborn, J. Osborne, Costable, Plumer, Barnes, Potucek and Warden

Comments and Recommendations:

Insurance Dept - OK, may need a amendment but not ready, can move ahead as it with real value

MOTIONS: (OTP) OTP/A, ITL, Retained (1st Yr), Interim Study (2nd Yr) (Please circle one)

Moved by Rep. Fargo Secinded by Rep. Potucek AM Vote: 8-0 Unanimous Adoption of Amendment #

Moved by Rep. Secinded by Rep. Vote: Amendment Adopted Amendment Failed

MOTIONS: OTP, OTP/A, ITL, Retained (1st Yr), Interim Study (2nd Yr) (Please circle one)

Moved by Rep. Secinded by Rep. AM Vote: Adoption of Amendment #

Moved by Rep. Secinded by Rep. Vote: Amendment Adopted Amendment Failed

Respectfully submitted,

Rep. Kristina Fargo Subcommittee Chairman/Clerk

Hearing Minutes

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

PUBLIC HEARING ON HB 620-FN

BILL TITLE: relative to the penalty fee structure for late premium tax payments.

DATE: February 7, 2019

LOB ROOM: 302

Time Public Hearing Called to Order: 1:49 pm

Time Adjourned: 2:13 pm

Committee Members: Reps. ~~Butler, Williams, McBeath~~, Gidge, Abel, ~~Bartlett~~, Herbert, ~~Van Houten, Fargo, Indruk, Muscatel, Weston, Hunt~~, Sanborn, J. Osborne, Costable, ~~Plumer, Barnes, Potucels and Warden~~

Bill Sponsors:

Rep. Hunt

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. John Hunt, Sponsor - Introduced at the request to of the Dept. of Insurance. Penalty fee structure changes.

NH Insurance Commissioner Elias - Support. See written materials provided – in folder. Revenue loss under bill - NHID looked at reasonableness of fines based on the significance of late filing by company

Norma Stallings, NH Insurance Department - Supports. Testifying for informational purposes. Hand- out on page 2 – is an average of the fines over the past 5 years – increases attributed to a very fee companies that were a minimum of 3-5 days late.

Chairman Ed Butler - This is an early bill, and will go to Ways and Means if it leaves this committee.

Q: Rep. Kermit Williams - Shouldn't there be a stronger incentive for unauthorized insurance companies to not operate while they are uninsured because they have not made all the necessary filings with the NHID?

A: Ms. Stallings -

Q: Follow-up but in 400 - I am wondering if this late fee should remain as it is, because the companies paying late are more likely to not operate.

A: This has only happened once in 13 years. Your point is well taken.

Q: Rep. Christy Bartlett - I think you need to give us a good reason to enact this change – the state loses lot of money.

committee focuses on. The reasons and the reasonableness for the changes are for Commerce.

Commissioner Elias- I've asked each unit to look at laws and determine which are antiquated, which are burdensome, where are the disconnects.

If I pick the two reasons to pass this – it's the incentive for company's to pay earlier after the deadline, rather than wait the full 90 days because the fine would be the same.

Q: Rep. Mark Warden - The selection of 12% is based on what? What other states are doing?

A: I don't know that there was a rhyme or reason about that percentage. We just wanted to make the fees lower and stagger them with the amount of time they were late?

Q: Rep. Indruk - Do you think this bill may incentivize?

A: Obviously it may be the decision of some company to hold the money rather than to pay it – because that's better for them.

George Roussos, NH Assn. of Domestic Insurance CO. - Supports.

Insurance Co's presently pay:

*\$100 m in premium tax

*\$10 m to fund the NHDI

*\$7 m to fund the Workers Comp Department

*Also pay the Business Enterprise tax

This is a fairness bill – the insurance companies are already heavily taxed.

We are going to try to work with the Commissioner to come back to you with an Amendment that says the Commissioner has the discretion to waive the penalty.

Chairman Butler - If you do come to an agreement and have an amendment, our subcommittee will meet next week.

Q: Rep. Williams -

A: If you pay late within a certain period of time, then your policies are good, if you pay it beyond that your policies are canceled.

Blue Sheet: No sign ups

Respectfully Submitted:



Rebecca McBeath, Clerk

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

PUBLIC HEARING ON HB 620-FN

BILL TITLE: relative to the penalty fee structure for late premium tax payments.

DATE: 2-7-19

ROOM: 302

Time Public Hearing Called to Order: 1:49 pm

Time Adjourned: 2:13 pm

(please circle if present)

Committee Members: Reps. Butler, Williams, McBeath, Gidge, Abel, Bartlett, Herbert, Van Houten, Fargo, Indruk, Muscate, Weston, Hunt, Sanborn, J. Osborne, Costable, Plumer, Barnes, Potucek and Warden

Bill Sponsors:

Rep. Hunt

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

- * #1 Rep. Hunt, Prime Sponsor
- #2 Commissioner Elias, NH Insurance Dept
- * #3 Norma Stallings, NH Insurance Dept
- #4 George Roussos, NH Assn of Domestic Insurance Co.

Chair opens the hearing on HB 620-FN at 1:49 2-17-19

1 Witness Rep John Hunt, Prime Sponsor
Introduced at the request to f the Dept of Insurance

Penalty fee structure changes

#2 NH Insurance Commissioner Elias
Support the bill

- see written materials provided – in folder
- revenue loss under bill - NHID looked at reasonableness of fines based on the significance of late filing by company

#3 Norma Stallings, NH Insurance Department
Support the bill – for informational purposes

Hand- out on page 2 – is a average of the fines over the past 5 years – increases attributed to a very fee companies that were a minium of 3-5 days late.

Comment Butler: Thi is an early bill, and will go to Ways and Means if it leaves this committee.

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A: Stallings:

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A: This has only happened once in 13 years. Your point is well taken.

Q: Rep Bartlett: I think you need to give us a good reason to enact this change – the state loses a lot o money.

Comment Butler: The revenue should not be the primary thing that the committee focuses on. The reasons and the reasonbliness for the changes are for Commerce.

Commissioner: I've asked each unit to look a the laws and determin which are antiquated, which are burdenson, where are the disconnects.

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A: I don't know that there was a rhyme or reason about that percentage. We just wanted to make the fees lower and stagger them with the amount of time they were late?

Q: Induck: Do you think this bill may incentivize

A: Obviously it may be the decision of some company to hold the money rather than to pay it – because that's better for them.

4 George Roussos, NH Assn of Domestic Insurance CO.
Supports the bill

Insurance Co's presently pay:
\$100 m in premium tax
\$10 m to fund the NHDI
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This is a fairness bill – the insurance companies are already heavily taxed.

We are going to try to work with the Commissioner to come back to you with an amendment that says the Commissioner has the discretion to waive the penalty.

Chair Butler: If you do come to an agreement and have an amendment, our subcommittee will meet next week.

Q: VC Williams

A: If you pay late within a certain period of time, then your policies are good, if you pay it beyond that your policies are canceled.

Closed the hearing 2:13pm

Testimony

* |

HB 620-FN

relative to the penalty fee structure for late premium tax payments

Good afternoon Commerce Committee members,

I am introducing HB 620-FN at the request of the Insurance Department. This bill will simplify the penalty fee for insurers when they pay their premium taxes late. Currently, such penalties vary widely, depending on the type of insurer or the RSA under which the premium tax is filed, and then require computation of different penalty percentages accordingly. The Insurance Department hopes to encourage more timely payments of the premium taxes due by establishing a graduated fee schedule, where the fine starts small and increases the later the filing gets. In addition, a simplified penalty fee will serve to foster more efficient operations in the Department by simplifying the calculation of penalty fees.

We have some folks here from the Department to answer any questions you may have.

Thank you for your consideration of HB 620-FN.



Insurance Department

February 7, 2019

House Bill 620-FN Penalty fee structure

The following New Hampshire RSAs have provisions to assess penalties for late payment of premium taxes or the administrative assessment:

NH RSAs	Payer
§400-A:32, IV. Premium Tax; Collections, Minimum, Penalty, and Prepayment,	Licensed Insurance companies
§405:29, II. Foreign Insurance Companies; Annual Statements; Tax,	Licensed Producers with Surplus Lines authority
§405-A:3, III(a). Risk Retention Act; Risk Retention Groups not chartered in this state,	Registered Risk Retention Groups
§406-B:11, I. Unauthorized Insurance Premium Tax,	Unauthorized Insurance companies
§406-B:16, VI(b) Unauthorized Insurance, Lawfully Procured Insurance in Unlicensed Companies,	Insured
§406-B:17, V Unauthorized Insurance, Independently Procured Insurance, and	Insured
§400-A:39, XI Administrative Assessment Fund.	Licensed Insurance companies

- Currently, the penalties range from flat rates of 10% to 25% applied to tax balance past due,
- a flat rate of 10% plus daily interest of 0.050 compounded daily for the assessment balance past due.

523



Insurance Department

February 7, 2019

The proposed amendments would change the penalties to a tiered schedule.

- 3% of the balance past due for 1-30 days,
- 6% of the balance past due for 31 to 60 days, and
- 12% of the balance past due for 61 or more days.

The change would allow for a consistent calculation of the late penalty and relate to the timeliness of payment of the balance past due.

Amend RSA 400-A:32,IV. Any insurer failing to file the report required by RSA 400-A:31 or failing to remit the proper tax within the time for filing shall pay a penalty ~~equal to 10 percent~~ **contingent upon the number of days that have passed since the due date.**

For late payments received 1-30 days after the due date, the penalty fee shall be 3 percent [on] of the amount of the tax due.

For late payments received 31-60 days after the due date, the penalty fee shall be 6 percent of the amount of tax due.

For late payments received more than 60 days after the due date, the penalty fee shall be 12 percent of the amount of tax due.

	FY 2018 CY 2017	FY 2017 CY 2016	FY 2016 CY 2015	FY 2015 CY 2014	FY 2014 CY 2013	5 year average
Licensed Companies						
Penalty at 10%	\$133,291.15	\$547,784.20	\$243,360.06	\$69,617.63	\$76,168.48	\$214,044.30
Tiered Penalty						
1 to 30 days late 3%	\$37,452.21	\$169,005.33	\$60,091.02	\$17,058.89	\$13,327.71	\$59,387.03
31 to 60 days late 6%	\$2,998.26	\$2,164.56	\$24,409.20	\$4,537.02	\$15,039.65	\$9,829.74
61+ days late 12%	\$4,142.59	\$5,012.18	\$2,938.39	\$6,230.88	8,000.40	\$5,264.89
Decrease in revenue	\$88,698.09	\$371,602.13	\$155,921.45	\$41,790.84	\$39,800.72	\$139,562.65

Bill as
Introduced

HB 620-FN - AS INTRODUCED

2019 SESSION

19-0682
01/05

HOUSE BILL

620-FN

AN ACT

relative to the penalty fee structure for late premium tax payments.

SPONSORS:

Rep. Hunt, Ches. 11

COMMITTEE:

Commerce and Consumer Affairs

ANALYSIS

This bill establishes a graduated fee schedule for payment of the insurance premium tax.

This bill is a request of the insurance department.

Explanation:

Matter added to current law appears in *bold italics*.

Matter removed from current law appears [~~in brackets and struckthrough.~~]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Nineteen

AN ACT relative to the penalty fee structure for late premium tax payments.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Premium Tax; Collection, Minimum, Penalty, and Prepayments. Amend RSA 400-A:32, IV to
2 read as follows:

3 IV. Any insurer failing to file the report required by RSA 400-A:31 or failing to remit the
4 proper tax within the time for filing shall pay a penalty [~~equal to 10~~] *contingent upon the*
5 *number of days that have passed since the due date. For late payments received 1-30 days*
6 *after the due date, the penalty fee shall be 3 percent [en] of the amount of the tax due. For*
7 *late payments received 31-60 days after the due date, the penalty fee shall be 6 percent of*
8 *the amount of tax due. For late payments received more than 60 days after the due date,*
9 *the penalty fee shall be 12 percent of the amount of tax due.* If the tax or the estimated tax is
10 not paid when due, the commissioner may suspend or revoke the insurer's certificate of authority.

11 2 Insurance Department; Administrative Fund. Amend RSA 400-A:39, XI to read as follows:

12 XI. Any insurer that does not pay amounts due under this section within 45 days of the
13 billing date shall incur a late payment penalty [~~equal to 10 percent of the amount assessed. In~~
14 ~~addition, the sum total of the assessment and penalty shall accrue with interest, from the 45th day~~
15 ~~until the date of payment, at a rate of 0.050 percent per day compounded daily]~~ *contingent upon*
16 *the number of days that have passed since the due date. For late payments received 1-30*
17 *days after the due date, the penalty fee shall be 3 percent of the amount of tax due. For*
18 *late payments received 31-60 days after the due date, the penalty fee shall be 6 percent of*
19 *the amount of tax due. For late payments received more than 60 days after the due*
20 *date, the penalty fee shall be 12 percent of the amount of tax due.*

21 3 Foreign Insurance Companies; Annual Statements; Tax. Amend RSA 405:29, II to read as
22 follows:

23 II. Any producer failing to file the report or failing to remit the proper tax within the time
24 period for filing shall pay a penalty [~~equal to 10~~] *contingent upon the number of days that have*
25 *passed since the due date. For late payments received 1-30 days after the due date, the*
26 *penalty fee shall be 3 percent of the amount of tax due. For late payments received 31-60 days*
27 *after the due date, the penalty fee shall be 6 percent of the amount of tax due. For late*
28 *payments received more than 60 days after the due date, the penalty fee shall be 12 percent*
29 *of the amount of tax due.*

30 4 Risk Retention Act; Risk Retention Groups Not Chartered in This State. Amend RSA 405-
31 A:3, III(a) to read as follows:

1 (a) Each risk retention group shall be liable for the payment of premium taxes and
 2 taxes on premiums of direct business for risks resident or located within this state, and shall report
 3 to the commissioner the net premiums written for risks resident or located within this state. Such
 4 risk retention group shall be subject to taxation, and any applicable fines and penalties related
 5 thereto, on the same basis as a foreign admitted insurer. *A risk retention group failing to remit*
 6 *the proper tax within the time period for filing shall pay a penalty contingent upon the*
 7 *number of days that have passed since the due date. For late payments received 1-30 days*
 8 *after the due date, the penalty fee shall be 3 percent of the amount of tax due. For late*
 9 *payments received 31-60 days after the due date, the penalty fee shall be 6 percent of the*
 10 *amount of tax due. For late payments received more than 60 days after the due date, the*
 11 *penalty fee shall be 12 percent of the amount of tax due.*

12 5 Unauthorized Insurance Premium Tax. Amend RSA 406-B:11, I to read as follows:

13 I. Except as to premiums on lawfully procured surplus lines insurance pursuant to the
 14 surplus lines laws of this state, and premiums on unlicensed insurance procured by industrial
 15 insurers on which a tax has been paid pursuant to RSA 406-B:16, VI and premiums on
 16 independently procured insurance on which a tax has been paid pursuant to RSA 406-B:17, every
 17 unauthorized insurer shall pay to the commissioner before March 1 next succeeding the calendar
 18 year in which the insurance was so effectuated, continued or renewed a premium receipts tax of 4
 19 percent of gross premiums charged for such insurance other than marine insurance and a premium
 20 receipts tax of 2 percent of gross premiums charged for such marine insurance on subjects resident,
 21 located or to be performed in this state. Such insurance on subjects resident, located or to be
 22 performed in this state procured through negotiations or an application, in whole or in part
 23 occurring or made within or from within or outside of this state, or for which premiums in whole or
 24 in part are remitted directly or indirectly from within or outside of this state, shall be deemed to be
 25 insurance procured, or continued or renewed in this state. The term "premium" includes all
 26 premiums, membership fees, assessments, dues, and any other consideration for insurance. Such
 27 tax shall be in lieu of all taxes and fire department dues. On default of any such unauthorized
 28 insurer in the payment of such tax the insured shall pay the tax. If the tax prescribed by this
 29 section is not paid within the time stated, the tax shall be increased by a penalty ~~of 25 percent and~~
 30 ~~by the amount of an additional penalty computed at the rate of one percent per month or any part~~
 31 ~~thereof from the date such payment was due to the date paid.] *contingent upon the number of*~~
 32 *days that have passed since the due date. For late payments received 1-30 days after the*
 33 *due date, the penalty fee shall be 3 percent of the amount of tax due. For late payments*
 34 *received 31-60 days after the due date, the penalty fee shall be 6 percent of the amount of*
 35 *tax due. For late payments received more than 60 days after the due date, the penalty fee*
 36 *shall be 12 percent of the amount of tax due.*

37 6 Unauthorized Insurance Premium Tax. Amend RSA 406-B:16, VI(b) to read as follows:

38 (b) Any insured failing to file the report or failing to remit the proper tax within the

1 time period for filing shall pay a penalty [~~equal to 10~~] *contingent upon the number of days that*
 2 *have passed since the due date. For late payments received 1-30 days after the due date,*
 3 *the penalty fee shall be 3 percent of the amount of tax due. For late payments received 31-60*
 4 *days after the due date, the penalty fee shall be 6 percent of the amount of tax due. For*
 5 *late payments received more than 60 days after the due date, the penalty fee shall be 12*
 6 *percent of the amount of tax due.*

7 7 Independently Procured Insurance. Amend RSA 406-B:17, V to read as follows:

8 V. If the insured fails to withhold from the premiums the amount of tax herein levied, the
 9 insured shall be liable for the amount thereof and shall pay the same to the commissioner within
 10 the time stated in paragraph III. If the tax prescribed by this section is not paid within the time
 11 stated in paragraph III, the tax shall be increased by a penalty [~~of 25 percent and by the amount of~~
 12 ~~an additional penalty computed at the rate of one percent per month or any part thereof from the~~
 13 ~~date such payment was due to the date paid]~~ *contingent upon the number of days that have*
 14 *passed since the due date. For late payments received 1-30 days after the due date, the*
 15 *penalty fee shall be 3 percent of the amount of tax due. For late payments received 31-60*
 16 *days after the due date, the penalty fee shall be 6 percent of the amount of tax due. For*
 17 *late payments received greater than 60 days after the due date, the penalty fee shall be 12*
 18 *percent of the amount of tax due.*

19 8 Effective Date. This act shall take effect January 1, 2020.

LBAO
19-0682
1/7/19

HB 620-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to the penalty fee structure for late premium tax payments.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2020	FY 2021	FY 2022	FY 2023
Appropriation	\$0	\$0	\$0	\$0
Revenue	(\$139,560)	(\$139,560)	(\$139,560)	(\$139,560)
Expenditures	\$0	\$0	\$0	\$0
<i>Funding Source:</i>	<input checked="" type="checkbox"/> General	<input type="checkbox"/> Education	<input type="checkbox"/> Highway	<input checked="" type="checkbox"/> Other -

METHODOLOGY:

This bill establishes a graduated penalty schedule for late payments on taxes and payments to the administration fund collected by the Insurance Department. The Department computed an annual average of penalties collected over the past five years under current law. The Department then calculated what the penalties would have been under the proposed graduated penalties of 3% for 1-30 days past due, 6% for 31-60 days, and 12% for balances past due for more than 60 days. Based on a comparison of current law and the proposed law, the Department determined the average annual penalty revenue would decrease by \$139,560.

AGENCIES CONTACTED:

Insurance Department