

# State of South Dakota

SEVENTY-NINTH SESSION  
LEGISLATIVE ASSEMBLY, 2004

400J0353

SENATE COMMERCE COMMITTEE ENGROSSED NO.

**HB 1052 - 02/20/2004**

**This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.**

Introduced by: The Committee on Commerce at the request of the Department of Revenue and Regulation

1 FOR AN ACT ENTITLED, An Act to revise the premium tax on certain small life insurance  
2 policies.

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

4 Section 1. That § 10-44-2 be amended to read as follows:

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  
12 thirty-first, and January thirty-first. The quarterly payments shall be credited against the amount  
13 due from the company at the time the company files its annual statement, or if no annual  
14 statement is required, then on March first of each year. The director of the Division of Insurance



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

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

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

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

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

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

1 tax applies only to premiums for insurance written after July 1, 1980, on individuals  
2 residing outside of the United States;

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

4 (a) Two and one-half percent of premiums, except for life insurance policies,  
5 other than credit life as defined in chapter 58-19, of a face amount of seven  
6 thousand dollars or less, for which the rate is one and one-fourth percent of  
7 premiums. However, for that portion of the life insurance premiums exceeding  
8 one hundred thousand dollars annually, the rate shall be eight one-hundredths  
9 of a percent; and

10 (b) One and one-fourth percent of the consideration for annuity contracts on the  
11 first five hundred thousand dollars of consideration for annuity contracts, and  
12 eight one-hundredths of a percent for that portion of the consideration on  
13 annuity contracts exceeding five hundred thousand dollars;

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

16 (a) Two and one-half percent of premiums, except for life insurance policies,  
17 other than credit life as defined in chapter 58-19, of a face amount of seven  
18 thousand dollars or less, for which the rate is one and one-fourth percent of  
19 premiums. However, for that portion of the life insurance premiums exceeding  
20 one hundred thousand dollars annually, the rate shall be eight one-hundredths  
21 of a percent; and

22 (b) One and one-fourth percent of the consideration for annuity contracts on the  
23 first five hundred thousand dollars of consideration for annuity, and eight one-  
24 hundredths of a percent for that portion of the consideration on annuity

1                   contracts exceeding five hundred thousand dollars;

2       (4)   Fourteen dollars for each insurance policy issued or renewed for workers'  
3                   compensation coverage.

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