

*Amend per 3394  
Do Pass 4/6/81 (p. 1122)*

Commerce  
DeKoster, Chairperson  
Comito  
Rush

**FEB 24 1981**

HOUSE FILE 509

Place On Calendar

BY COMMITTEE ON COMMERCE

(Formerly Study Bill 168)

Passed House, Date 3-5-81 (p. 657) Passed Senate, Date 4-15-81 (p. 1284)

Vote: Ayes 54 Nays 45 Vote: Ayes 46 Nays 1

Approved May 18, 1981

*Repassed House 5-6-81 (p. 1684)  
51-48*

# A BILL FOR

1 An Act limiting refunds of the state insurance retaliatory  
2 tax.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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509

## HOUSE FILE 509

S-3394

1 Amend House File 509 as passed by the House as  
2 follows:

3 1. Page 1, by inserting after line 33 the  
4 following:

5 "Sec. \_\_\_\_ . This Act, being deemed of immediate  
6 importance, takes effect from and after its publication  
7 in The Marion Sentinel, a newspaper published in Marion,  
8 Iowa, and in The Sioux County Index-Reporter, a newspaper  
9 published in Hull, Iowa."

BY COMMITTEE ON COMMERCE  
EDGAR H. HOLDEN, CHAIRPERSON

S-3394 FILED

APRIL 6, 1981

*Adopted 4/15/81 (p. 1284)*

1 Section 1. Section 505.14, Code 1981, is amended to read  
2 as follows:

3 505.14 FOREIGN INSURERS--RECIPROCAL PROVISIONS. When  
4 by the laws of any other state any a premium or income or  
5 other taxes, or any fees, fines, penalties, licenses, deposit  
6 requirements or other obligations, prohibitions or restrictions  
7 are imposed upon Iowa insurance companies actually doing  
8 business in such the other state, or upon the agents of said  
9 the Iowa companies, which in the aggregate are in excess of  
10 the aggregate of such the taxes, fees, fines, penalties,  
11 licenses, deposit requirements or other obligations,  
12 prohibitions or restrictions directly imposed upon insurance  
13 companies of such the other state under the statutes of this  
14 state, ~~so long as such laws continue in force~~ the same  
15 obligations, prohibitions or restrictions of whatever kind  
16 ~~shall~~ are in the same manner and for the same purpose be  
17 imposed upon insurance companies of such the other state doing  
18 business in Iowa. Insurance premium taxes paid which were  
19 not paid under protest shall not be refunded if the refund  
20 claim is based upon an alleged error or mistake of law or  
21 erroneous interpretation of statute regarding the validity  
22 or legality of this section under the laws or constitutions  
23 of the United States or this state. For the purpose of this  
24 section, an alien insurer ~~shall be~~ is deemed ~~to be~~ domiciled  
25 in a state designated by it wherein it has (1) established  
26 its principal office or agency in the United States, or (2)  
27 maintains the largest amount of its assets held in trust or  
28 on deposit for the security of its policyholders or  
29 policyholders and creditors in the United States, or (3) in  
30 which it was admitted to do business in the United States.  
31 ~~The provisions of this~~ This section ~~shall~~ does not apply to  
32 ad valorem taxes on real or personal property or to personal  
33 income taxes.

3394

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EXPLANATION

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This bill provides that if the insurance "retaliatory"

1 tax is found unconstitutional or unlawful, those foreign  
2 insurers who paid the Iowa tax but did not pay under pro-  
3 test would not receive a refund. This Act takes effect July  
4 1 following its enactment.

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FISCAL NOTE  
House File 509  
Requested by Representative Schroeder  
February 12, 1981

In compliance with a written request there is hereby submitted a  
Fiscal Note for H. F. 509 pursuant to Joint Rule 16.

LSB 1388H, An Act limiting refunds of the state insurance retaliatory tax.

This bill provides that if the insurance "retaliatory" tax is found unconstitution-  
al or unlawful, those foreign insurers who paid the Iowa tax but did not pay under  
protest would not receive a refund.

The impact of this bill will be entirely salutary from the standpoint of the State  
Treasury. The insurance retaliatory tax yields approximately \$1,250,000 per year  
to the State. If refunds are allowed, the total payout would accordingly be approxi-  
mately \$6,250,000 given a statute of limitations of five years (meaning insurance  
companies could collect back retaliatory taxes paid for the last five years). The  
amount of taxes paid under the protest in the last five years--taxes which could,  
under the bill, be refunded--is about \$750,000. Hence, about \$5,500,000 could be  
saved as a result of the bill.

Source: Attorney General

BY GERRY D. RANKIN  
Legislative Fiscal Bureau

FILED MARCH 26, 1981

SENATE AMENDMENT TO  
HOUSE FILE 509

H-3720

1 Amend House File 509 as passed by the House as  
2 follows:

3 1. Page 1, by inserting after line 33 the  
4 following:

5 "Sec. \_\_\_\_\_. This Act, being deemed of immediate  
6 importance, takes effect from and after its publication  
7 in The Marion Sentinel, a newspaper published in Marion,  
8 Iowa, and in The Sioux County Index-Reporter, a newspaper  
9 published in Hull, Iowa.".

H-3720 FILED APRIL 21, 1981

RECEIVED FROM THE SENATE

*House concurred 5/6/81 (p. 1684)*

HOUSE FILE 509

AN ACT

LIMITING REFUNDS OF THE STATE INSURANCE RETALIATORY TAX.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 505.14, Code 1981, is amended to read as follows:

505.14 FOREIGN INSURERS--RECIPROCAL PROVISIONS. When by the laws of any other state any a premium or income or other taxes, or any fees, fines, penalties, licenses, deposit requirements or other obligations, prohibitions or restrictions are imposed upon Iowa insurance companies actually doing business in ~~such the~~ other state, or upon the agents of ~~said the~~ Iowa companies, which in the aggregate are in excess of the aggregate of ~~such the~~ taxes, fees, fines, penalties, licenses, deposit requirements or other obligations, prohibitions or restrictions directly imposed upon insurance companies of ~~such the~~ other state under the statutes of this state, ~~as long as such laws continue in force~~ the same obligations, prohibitions or restrictions of whatever kind ~~shall are~~ in the same manner and for the same purpose be imposed upon insurance companies of ~~such the~~ other state doing business in Iowa. Insurance premium taxes paid which were not paid under protest shall not be refunded if the refund claim is based upon an alleged error or mistake of law or erroneous interpretation of statute regarding the validity or legality of this section under the laws or constitutions of the United States or this state. For the purpose of this section, an alien insurer ~~shall-be~~ is deemed ~~to-be~~ domiciled in a state designated by it wherein it has (1) established its principal office or agency in the United States, or (2) maintains the largest amount of its assets held in trust or on deposit for the security of its policyholders or

policyholders and creditors in the United States, or (3) in which it was admitted to do business in the United States. ~~The provisions of this~~ This section shall ~~does~~ not apply to ad valorem taxes on real or personal property or to personal income taxes.

Sec. 2. This Act, being deemed of immediate importance, takes effect from and after its publication in The Marion Sentinel, a newspaper published in Marion, Iowa, and in The Sioux County Index-Reporter, a newspaper published in Hull, Iowa.

\_\_\_\_\_  
DELWYN STROMER  
Speaker of the House

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TERRY E. BRANSTAD  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 509, Sixty-ninth General Assembly.

\_\_\_\_\_  
PAT H. HARPER  
Chief Clerk of the House

Approved 5/18, 1981

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ROBERT D. RAY  
Governor

H.F. 509