

CHAPTER 297I

INSURANCE TAXES

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297I.01 DEFINITIONS.

[For text of subs 1 to 6, see M.S.2004]

Subd. 6a. **Direct business.** (a) "Direct business" means all insurance provided by an insurance company or its agents, and specifically includes stop-loss insurance purchased in connection with a self-insurance plan for employee health benefits or for other purposes, but excludes:

(1) reinsurance in which an insurance company assumes the liability of another insurance company; and

(2) self-insurance.

(b) For purposes of this subdivision, an insurance company includes a nonprofit health service corporation, health maintenance organization, and community integrated service network.

[For text of subs 7 to 13, see M.S.2004]

Subd. 13a. **Reinsurance.** "Reinsurance" is insurance whereby an insurance company, for a consideration, agrees to indemnify another insurance company as defined under section 297I.01, subdivisions 5 and 6a, paragraph (b), to the extent taxable under section 297I.05, against all or part of the loss which the latter may sustain under the policy or policies which it has issued.

[For text of subs 14 to 16, see M.S.2004]

History: 2005 c 151 art 8 s 16; 1Sp2005 c 3 art 6 s 16,17

297I.05 TAX IMPOSED.

[For text of subs 1 to 3, see M.S.2004]

Subd. 4. **Mutual property and casualty companies with total assets less than \$1,600,000,000 on December 31, 1989.** A tax is imposed on:

(1) mutual insurance companies that sell both property and casualty insurance that had total assets greater than \$5,000,000 at the end of the calendar year but that had total assets less than \$1,600,000,000 on December 31, 1989; and

(2) a mutual insurance company created pursuant to Laws 1983, chapter 287, article 2, that sells only casualty insurance.

The rate of tax is equal to 1.26 percent of gross premiums less return premiums on all direct business received by the insurer or agents of the insurer in Minnesota, in cash or otherwise, during the year.

Subd. 5. **Health maintenance organizations, nonprofit health service plan corporations, and community integrated service networks.** (a) A tax is imposed on health maintenance organizations, community integrated service networks, and nonprofit health care service plan corporations. The rate of tax is equal to one percent of gross premiums less return premiums on all direct business received by the organization, network, or corporation or its agents in Minnesota, in cash or otherwise, in the calendar year.

(b) The commissioner shall deposit all revenues, including penalties and interest, collected under this chapter from health maintenance organizations, community inte-

grated service networks, and nonprofit health service plan corporations in the health care access fund. Refunds of overpayments of tax imposed by this subdivision must be paid from the health care access fund. There is annually appropriated from the health care access fund to the commissioner the amount necessary to make any refunds of the tax imposed under this subdivision.

[For text of subs 6 to 13, see M.S.2004]

Subd. 14. Life insurance. A tax is imposed on life insurance. The rate of tax equals a percentage of gross premiums less return premiums on all direct business received by the insurer or agents of the insurer in Minnesota for life insurance, in cash or otherwise, during the year. For premiums received after December 31, 2005, but before January 1, 2007, the rate of tax is 1.875 percent. For premiums received after December 31, 2006, but before January 1, 2008, the rate of tax is 1.75 percent. For premiums received after December 31, 2007, but before January 1, 2009, the rate of tax is 1.625 percent. For premiums received after December 31, 2008, the rate of tax is 1.5 percent.

History: 2005 c 151 art 8 s 17; 1Sp2005 c 3 art 6 s 18,19

297I.10 SURCHARGE ON PREMIUMS TO RESTORE DEFICIENCY IN SPECIAL FUND.

[For text of subs 1 and 3, see M.S.2004]

Subd. 4. Collection and administration. The commissioner shall administer the surcharge imposed by this section in the same manner as the taxes imposed by this chapter.

History: 2005 c 151 art 2 s 16

297I.40 ESTIMATED TAX.

[For text of subs 1 to 3, see M.S.2004]

Subd. 4. Addition to tax. (a) In case of any underpayment of installments by an insurer, there is added to, and collected as part of, the tax for the taxable year an amount determined at the rate specified in section 270C.40 upon the amount of underpayment.

(b) The amount of the underpayment is the excess of: (1) the amount of the installment; over (2) the amount, if any, of the installment paid on or before the last date prescribed for payment.

(c) The period of the underpayment runs from the date the installment was required to be paid to the earlier of:

(1) March 1 of the year following the close of the taxable year; or

(2) with respect to any portion of the underpayment, the date on which that portion is paid. For purposes of this clause, a payment of estimated tax on any installment date is considered a payment of any previous underpayment only to the extent the payment exceeds the amount of the installment required to be made on that date.

[For text of subs 5 to 7, see M.S.2004]

History: 2005 c 151 art 2 s 17

297I.45 [Repealed, 2005 c 151 art 1 s 117]

297I.50 [Repealed, 2005 c 151 art 1 s 117]

297I.55 [Repealed, 2005 c 151 art 1 s 117]

297L.60 CLAIMS FOR REFUND.

[For text of subd 1, see M.S.2004]

Subd. 2. **Remedies.** (a) If the taxpayer is notified that the refund claim is denied in whole or in part, the taxpayer may contest the denial by:

- (1) filing an administrative appeal with the commissioner under section 270C.35;
 - (2) filing an appeal in Tax Court within 60 days of the date of the notice of denial;
- or
- (3) filing an action in the district court to recover the refund.

(b) An action in the district court must be brought within 18 months following the date of the notice of denial. An action for refund of tax or surcharge must be brought in the district court of the district in which lies the taxpayer's principal place of business or in the District Court for Ramsey County. If a taxpayer files a claim for refund and the commissioner has not issued a denial of the claim, the taxpayer may bring an action in the district court or the Tax Court at any time after the expiration of six months from the time the claim was filed.

History: 2005 c 151 art 2 s 17

297L.80 INTEREST.

Subdivision 1. **Payable to the commissioner.** (a) When interest is required under this section, interest is computed at the rate specified in section 270C.40.

(b) If a tax or surcharge is not paid within the time named by law for payment, the unpaid tax or surcharge bears interest from the date the tax or surcharge should have been paid until the date the tax or surcharge is paid.

(c) Whenever a taxpayer is liable for additional tax or surcharge because of a redetermination by the commissioner or other reason, the additional tax or surcharge bears interest from the time the tax or surcharge should have been paid until the date the tax or surcharge is paid.

(d) A penalty bears interest from the date the return or payment was required to be filed or paid to the date of payment of the penalty.

Subd. 2. **On overpayments.** (a) When interest is required under this section, interest is computed at the rate specified in section 270C.405.

(b) Interest on an overpayment is computed from the date of the payment of the tax or surcharge until the date the refund is made. For purposes of this subdivision, any payment made before the last day prescribed by law to make the payment, including any estimated tax payments, is considered paid on the last day prescribed by law for the payment. A return filed before the due date is considered as filed on the due date.

History: 2005 c 151 art 2 s 17

297L.85 CIVIL PENALTIES.

[For text of subds 1 to 6, see M.S.2004]

Subd. 7. **Penalty for failure to pay electronically.** In addition to other applicable penalties imposed by this section, if the commissioner notifies the taxpayer that payments are required to be made by electronic means, and the payments are made by some other means, a penalty is imposed. The amount of the penalty is equal to five percent of each payment that should have been paid electronically. After the commissioner's initial notification to the taxpayer that payments are required to be made by electronic means, the commissioner is not required to notify the taxpayer in subsequent periods if the initial notification specified the amount of tax liability at which a taxpayer is required to remit payments by electronic means. The penalty may be abated under the abatement procedures prescribed in section 270C.34, subdivision 2, if the failure to pay electronically is due to reasonable cause.

History: 2005 c 151 art 2 s 17

297L.95 [Repealed, 2005 c 151 art 1 s 117]