

1 ENGROSSED SENATE
2 BILL NO. 1135

By: Hall and Haste of the
Senate

3 and

4 Caldwell (Trey) and Kane of
5 the House

6
7 An Act relating to health insurance; amending 36 O.S.
8 2021, Section 624, as amended by Section 22, Chapter
9 395, O.S.L. 2022 (36 O.S. Supp. 2024, Section 624),
10 which relates to premium taxes; clarifying
11 applicability of certain exclusion; amending 36 O.S.
12 2021, Section 625.2, which relates to premium tax
13 credit; creating certain exclusion; updating
14 statutory language; updating statutory references;
15 and declaring an emergency.

16
17 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

18 SECTION 1. AMENDATORY 36 O.S. 2021, Section 624, as
19 amended by Section 22, Chapter 395, O.S.L. 2022 (36 O.S. Supp. 2024,
20 Section 624), is amended to read as follows:

21 Section 624. A. Every insurance company, copartnership,
22 insurance association, interinsurance exchange, person, insurer,
23 nonprofit hospital service and medical indemnity corporation, or
24 health maintenance organization doing business in this state in the
execution or exchange of contracts of insurance, indemnity or health
maintenance services, or as an insurance company of any nature or
character whatsoever, hereinafter referred to in this article as an
insurance company or company, shall annually, on or before the first

1 day of March, report under oath of the president or secretary or
2 other chief officer of such company to the Insurance Commissioner
3 the total amount of direct written premiums, membership,
4 application, policy and/or registration fees charged during the
5 preceding calendar year, or since the last return of such direct
6 written premiums, membership, application, policy and/or
7 registration fees was made by such company, from insurance of every
8 kind upon persons or on the lives of persons resident in this state,
9 or upon real and personal property located within this state, and/or
10 upon any other risks insured within this state; 7 provided, that with
11 respect to the tax payable annually, considerations received for
12 annuity contracts and payments received by a health maintenance
13 organization from the Secretary of Health and Human Services
14 pursuant to a contract issued under the provisions of 42 U.S.C.,
15 Section 1395mm(g) shall no longer be deemed to be premiums for
16 insurance and shall no longer be subject to the tax imposed by this
17 section. Every such company shall, at the same time, pay to the
18 Insurance Commissioner:

19 1. An annual license fee as prescribed by Section 321 of this
20 title; and

21 2. An annual tax on all of the direct written premiums after
22 all returned premiums are deducted, and on all membership,
23 application, policy and/or registration fees, installment and/or
24 finance fees or charges collected thereby, for the privileges of

1 having written, continued and/or serviced insurance on lives,
2 property and/or other risks in this state and of having made and
3 serviced investments therein during the then expiring license year
4 except premiums or fees paid by any county, city, town or school
5 district funds or by their duly constituted authorities performing a
6 public service organized pursuant to Sections 1001 through 1008 of
7 Title 74 of the Oklahoma Statutes, or Sections 176 through 180.4 of
8 Title 60 of the Oklahoma Statutes. Provided, no deduction shall be
9 made from premiums for dividends paid to policyholders. Except as
10 set forth in this paragraph, the rate of taxation for all entities
11 subject to the tax shall be two and twenty-five one-hundredths
12 percent (2.25%). If any insurance company or other entity liable
13 for the taxes levied pursuant to the provisions of this section
14 fails to remit such taxes in a timely manner, it shall remain liable
15 therefor together with interest thereon at an annual rate equal to
16 the average United States Treasury Bill rate of the preceding
17 calendar year as certified by the State Treasurer on the first
18 regular business day in January of each year, plus four percentage
19 points.

- 20 a. The rate of taxation for all life insurance policies
21 insuring the life of an employee or director for the
22 benefit of the employer or a trust sponsored by the
23 employer, which is purchased by the employer or trust
24 sponsored by the employer for the benefit of its

employees, shall be computed for each policy at the rate of:

- (1) two and twenty-five one-hundredths percent (2.25%) of policy year premium up to One Hundred Thousand Dollars (\$100,000.00), and
- (2) one-tenth of one percent (1/10 of 1%) of policy year premium exceeding One Hundred Thousand Dollars (\$100,000.00).

b. Premiums on which taxes are paid under division (2) of subparagraph a of this paragraph are not subject to Section 628 of this title. The Commissioner shall promulgate rules regarding the sale of life insurance policies subject to division (2) of subparagraph a of this paragraph.

c. Proceeds from the premium tax collected under this paragraph from contracted entities under the Ensuring Access to Medicaid Act shall be deposited in the Medicaid Health Improvement Revolving Fund created in ~~Section 23 of this act~~ Section 1010.8A of Title 56 of the Oklahoma Statutes. ~~The provisions of this subparagraph shall not be construed to affect or modify~~ Notwithstanding any other provision of law to the contrary, the premium taxes to be deposited in the Medicaid Health Improvement Revolving Fund for the

1 calendar year ending December 31, 2024, and for each
2 calendar year thereafter, shall not be subject to the
3 apportionments provided in Section 312.1 of this
4 title.

5 B. For all insurance companies or other entities taxed pursuant
6 to this section, the annual license fee and tax and all required
7 membership, application, policy, registration, and agent appointment
8 fees shall be in lieu of all other state taxes or fees, except those
9 taxes and fees provided for in the Oklahoma Insurance Code, and the
10 taxes and fees of any subdivision or municipality of the state,
11 except ad valorem taxes and the tax required to be paid pursuant to
12 Section 50001 of Title 68 of the Oklahoma Statutes. Provided, such
13 license fee, tax and membership, application, policy, registration,
14 and appointment fees shall be in lieu of any and all ad valorem
15 taxes levied on intangible personal property. Any company, except
16 health maintenance organizations, failing to make such returns and
17 payments promptly and correctly shall forfeit and pay to the
18 Insurance Commissioner, in addition to the amount of the taxes and
19 fees and interest, the sum of Five Hundred Dollars (\$500.00) or an
20 amount equal to one percent (1%) of the unpaid amount, whichever is
21 greater; and the company so failing or neglecting for sixty (60)
22 days shall thereafter be debarred from transacting any business of
23 insurance in this state until the taxes, fees and penalties are
24 fully paid, and the Insurance Commissioner shall revoke the license

1 or certificate of authority granted to the agent or agents of that
2 company to transact business in this state. Provided, that when any
3 such insurance company, copartnership, insurance association,
4 interinsurance exchange, person, insurer, or nonprofit hospital
5 service and indemnity corporation⁷ applies for the first time for a
6 license to do business in ~~Oklahoma~~ this state, it shall, at the time
7 of making such application, pay a license fee as prescribed by
8 Section ~~1425~~ 1435.23 of this title, and, on or before the first day
9 of March, following, pay the premium tax, membership, application,
10 policy, registration, and agent appointment fees, as hereinbefore
11 provided. Such license fee, tax and membership, application,
12 policy, registration, and appointment fees shall be in lieu of all
13 other state taxes or fees, except those taxes and fees provided for
14 in the Oklahoma Insurance Code, and the taxes and fees of any
15 subdivision or municipality of the state, except ad valorem taxes
16 and the tax required to be paid pursuant to Section 50001 of Title
17 68 of the Oklahoma Statutes.

18 C. Any health maintenance organization failing to file premium
19 tax returns and payments promptly and correctly shall forfeit and
20 pay to the Insurance Commissioner, in addition to the amount of the
21 taxes, the sum of Five Hundred Dollars (\$500.00) or an amount equal
22 to one percent (1%) of the unpaid amount, whichever is greater. Any
23 health maintenance organization failing or neglecting to pay the tax
24 and penalty shall be debarred from operating in this state and the

1 Insurance Commissioner shall revoke the license of the health
2 maintenance organization, until such taxes and penalties are fully
3 paid.

4 SECTION 2. AMENDATORY 36 O.S. 2021, Section 625.2, is
5 amended to read as follows:

6 Section 625.2. A. ~~The~~ Except as provided by subsection B of
7 this section, the tax credits set forth in Section 1 of this act
8 Section 625.1 of this title shall apply to insurers who take action
9 after November 1, 1987, to:

10 1. Establish new regional home offices; or

11 2. Expand existing regional home offices, and hire new
12 employees.

13 B. The tax credits set forth in Section 625.1 of this title
14 shall not be available to a contracted entity as defined in Section
15 4002.2 of Title 56 of the Oklahoma Statutes.

16 C. An insurer in either category of the requirements of
17 ~~paragraph subsection~~ subsection A of this section must also meet the hiring
18 minimum requirements for the applicable tax credit bracket in
19 ~~Section 1 of this act~~ Section 625.1 of this title.

20 SECTION 3. It being immediately necessary for the preservation
21 of the public peace, health or safety, an emergency is hereby
22 declared to exist, by reason whereof this act shall take effect and
23 be in full force from and after its passage and approval.
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1 Passed the Senate the 20th day of May, 2025.

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3 _____
4 Presiding Officer of the Senate

5 Passed the House of Representatives the ____ day of _____,
6 2025.

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8 _____
9 Presiding Officer of the House
10 of Representatives