

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                               STATE OF OKLAHOMA

3                               1st Session of the 60th Legislature (2025)

4   ENGROSSED SENATE  
5   BILL NO. 1135

By: Hall and Haste of the  
Senate

6   and

7   Caldwell (Trey) and Kane of  
8   the House

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

19   BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

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

23           Section 624.   A.   Every insurance company, copartnership,  
24           insurance association, interinsurance exchange, person, insurer,  
25           nonprofit hospital service and medical indemnity corporation, or  
26           health maintenance organization doing business in this state in the  
27           execution or exchange of contracts of insurance, indemnity or health

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

22 1. An annual license fee as prescribed by Section 321 of this  
23 title; and  
24

1        2. An annual tax on all of the direct written premiums after  
2 all returned premiums are deducted, and on all membership,  
3 application, policy and/or registration fees, installment and/or  
4 finance fees or charges collected thereby, for the privileges of  
5 having written, continued and/or serviced insurance on lives,  
6 property and/or other risks in this state and of having made and  
7 serviced investments therein during the then expiring license year  
8 except premiums or fees paid by any county, city, town or school  
9 district funds or by their duly constituted authorities performing a  
10 public service organized pursuant to Sections 1001 through 1008 of  
11 Title 74 of the Oklahoma Statutes, or Sections 176 through 180.4 of  
12 Title 60 of the Oklahoma Statutes. Provided, no deduction shall be  
13 made from premiums for dividends paid to policyholders. Except as  
14 set forth in this paragraph, the rate of taxation for all entities  
15 subject to the tax shall be two and twenty-five one-hundredths  
16 percent (2.25%). If any insurance company or other entity liable  
17 for the taxes levied pursuant to the provisions of this section  
18 fails to remit such taxes in a timely manner, it shall remain liable  
19 therefor together with interest thereon at an annual rate equal to  
20 the average United States Treasury Bill rate of the preceding  
21 calendar year as certified by the State Treasurer on the first  
22 regular business day in January of each year, plus four percentage  
23 points.  
24

1           a.    The rate of taxation for all life insurance policies  
2                   insuring the life of an employee or director for the  
3                   benefit of the employer or a trust sponsored by the  
4                   employer, which is purchased by the employer or trust  
5                   sponsored by the employer for the benefit of its  
6                   employees, shall be computed for each policy at the  
7                   rate of:

8                   (1)   two and twenty-five one-hundredths percent  
9                           (2.25%) of policy year premium up to One Hundred  
10                        Thousand Dollars (\$100,000.00), and

11                  (2)   one-tenth of one percent (1/10 of 1%) of policy  
12                        year premium exceeding One Hundred Thousand  
13                        Dollars (\$100,000.00).

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

20           c.    Proceeds from the premium tax collected under this  
21                   paragraph from contracted entities under the Ensuring  
22                   Access to Medicaid Act shall be deposited in the  
23                   Medicaid Health Improvement Revolving Fund created in  
24                   ~~Section 23 of this act~~ Section 1010.8A of Title 56 of

1           the Oklahoma Statutes. The provisions of this  
2           ~~subparagraph shall not be construed to affect or~~  
3           ~~modify~~ Notwithstanding any other provision of law to  
4           the contrary, the premium taxes to be deposited in the  
5           Medicaid Health Improvement Revolving Fund for the  
6           calendar year ending December 31, 2024, and for each  
7           calendar year thereafter, shall not be subject to the  
8           apportionments provided in Section 312.1 of this  
9           title.

10          B. For all insurance companies or other entities taxed pursuant  
11 to this section, the annual license fee and tax and all required  
12 membership, application, policy, registration, and agent appointment  
13 fees shall be in lieu of all other state taxes or fees, except those  
14 taxes and fees provided for in the Oklahoma Insurance Code, and the  
15 taxes and fees of any subdivision or municipality of the state,  
16 except ad valorem taxes and the tax required to be paid pursuant to  
17 Section 50001 of Title 68 of the Oklahoma Statutes. Provided, such  
18 license fee, tax and membership, application, policy, registration,  
19 and appointment fees shall be in lieu of any and all ad valorem  
20 taxes levied on intangible personal property. Any company, except  
21 health maintenance organizations, failing to make such returns and  
22 payments promptly and correctly shall forfeit and pay to the  
23 Insurance Commissioner, in addition to the amount of the taxes and  
24 fees and interest, the sum of Five Hundred Dollars (\$500.00) or an

1 amount equal to one percent (1%) of the unpaid amount, whichever is  
2 greater; and the company so failing or neglecting for sixty (60)  
3 days shall thereafter be debarred from transacting any business of  
4 insurance in this state until the taxes, fees and penalties are  
5 fully paid, and the Insurance Commissioner shall revoke the license  
6 or certificate of authority granted to the agent or agents of that  
7 company to transact business in this state. Provided, that when any  
8 such insurance company, copartnership, insurance association,  
9 interinsurance exchange, person, insurer, or nonprofit hospital  
10 service and indemnity corporation, applies for the first time for a  
11 license to do business in ~~Oklahoma~~ this state, it shall, at the time  
12 of making such application, pay a license fee as prescribed by  
13 Section ~~1425~~ 1435.23 of this title, and, on or before the first day  
14 of March, following, pay the premium tax, membership, application,  
15 policy, registration, and agent appointment fees, as hereinbefore  
16 provided. Such license fee, tax and membership, application,  
17 policy, registration, and appointment fees shall be in lieu of all  
18 other state taxes or fees, except those taxes and fees provided for  
19 in the Oklahoma Insurance Code, and the taxes and fees of any  
20 subdivision or municipality of the state, except ad valorem taxes  
21 and the tax required to be paid pursuant to Section 50001 of Title  
22 68 of the Oklahoma Statutes.

23 C. Any health maintenance organization failing to file premium  
24 tax returns and payments promptly and correctly shall forfeit and

1 pay to the Insurance Commissioner, in addition to the amount of the  
2 taxes, the sum of Five Hundred Dollars (\$500.00) or an amount equal  
3 to one percent (1%) of the unpaid amount, whichever is greater. Any  
4 health maintenance organization failing or neglecting to pay the tax  
5 and penalty shall be debarred from operating in this state and the  
6 Insurance Commissioner shall revoke the license of the health  
7 maintenance organization, until such taxes and penalties are fully  
8 paid.

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

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

- 15 1. Establish new regional home offices; or  
16 2. Expand existing regional home offices, and hire new  
17 employees.

18 B. The tax credits set forth in Section 625.1 of this title  
19 shall not be available to a contracted entity as defined in Section  
20 4002.2 of Title 56 of the Oklahoma Statutes.

21 C. An insurer in either category of the requirements of  
22 ~~paragraph~~ subsection A of this section must also meet the hiring  
23 minimum requirements for the applicable tax credit bracket in  
24 ~~Section 1 of this act~~ Section 625.1 of this title.

1       SECTION 3. It being immediately necessary for the preservation  
2 of the public peace, health or safety, an emergency is hereby  
3 declared to exist, by reason whereof this act shall take effect and  
4 be in full force from and after its passage and approval.

5

6 COMMITTEE REPORT BY: COMMITTEE ON JOINT COMMITTEE ON APPROPRIATIONS  
7 AND BUDGET, dated 05/19/2025 - DO PASS, As Amended.

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25