

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

COMMITTEE SUBSTITUTE
FOR

SENATE BILL NO. 1135

By: Hall and Haste of the
Senate

and

Caldwell (Trey) and Kane of
the House

COMMITTEE SUBSTITUTE

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

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

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

Section 624. A. Every insurance company, copartnership, insurance association, interinsurance exchange, person, insurer, nonprofit hospital service and medical indemnity corporation, or health maintenance organization doing business in this state in the

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

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

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.

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.

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

60-1-2133 DC 5/18/2025 3:22:09 PM