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## A BILL FOR AN ACT

RELATING TO INSURANCE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 386, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§386-       Workers' compensation administration special  
5 fund. (a) There is established a special fund for the  
6 administration of workers' compensation claims by the department  
7 to be called the workers' compensation administration special  
8 fund, into which shall be deposited:

9           (1) All revenues generated from the premium tax as  
10           described under section 431:7-202(a);

11           (2) Any general fund appropriations to the workers'  
12           compensation administration special fund; and

13           (3) All accrued interest from this fund.

14           (b) This fund shall be used to pay the costs incurred in  
15 administering workers' compensation claims by the disability  
16 compensation division of the department of labor and industrial  
17 relations. Costs may include but not be limited to:

18           (1) Costs related to information and public education;



- 1        (2) Costs related to closed claims studies;
- 2        (3) Infrastructure, support, and staff costs to
- 3            investigate and adjudicate workers' compensation
- 4            claims on a more timely basis;
- 5        (4) Computer system upgrades;
- 6        (5) Studies and evaluations relating to workers'
- 7            compensation claims and workers' compensation
- 8            insurance;
- 9        (6) Costs related to administrative contracts with
- 10           personnel necessary to carry out the purposes of this
- 11           section; and
- 12        (7) Any other office expenses necessary to carry out the
- 13           purposes of this section.

14        The director shall submit a complete and detailed report on  
15 the status of the fund's administration and expenditures to the  
16 legislature no later than twenty days prior to the convening of  
17 each regular legislative session.

18        The director may adopt rules in accordance with chapter 91  
19 to effectuate the purposes of this section."

20        SECTION 2. Section 431:7-202, Hawaii Revised Statutes, is  
21 amended by amending subsection (a) to read as follows:



1           "(a) Each authorized insurer, except with respect to all  
2 life insurance contracts, ocean marine insurance contracts, and  
3 real property title insurance contracts, shall pay to the  
4 director of finance through the commissioner a tax of 4.265 per  
5 cent on the gross premiums written from all risks or property  
6 resident, situated, or located within this State, during the  
7 year ending on the preceding December 31, less return premiums  
8 (but not including dividends paid or credited to policyholders),  
9 and less any reinsurance accepted (the tax upon such business  
10 being payable by the direct writing insurer) [-]; provided that  
11 0.5 per cent of taxes paid on the gross premiums derived from  
12 workers' compensation insurance shall be paid by the director of  
13 finance into the workers' compensation administration special  
14 fund established in section 386-\_\_\_\_\_.

15           All premiums written, procured, or received in the State  
16 shall be presumed to have been from risks or property resident,  
17 situated, or located within the State. This presumption may be  
18 rebutted as to any premium:

19           (1) By showing that it has been properly allocated or  
20           apportioned and reported as a taxable premium of  
21           another state or other appropriate taxing authority;  
22           or





HB1969

**Report Title:**

Insurance Premium Tax; Workers' Compensation

**Description:**

Appropriates .5% of the taxes paid on the gross premiums derived from workers' compensation insurance to the Department of Labor and Industrial Relations Workers' Compensation Division. Establishes Workers' Compensation Special Fund.

