

280-RICR-20-60-01

TITLE 280 - Department of Revenue

CHAPTER 20 – Division of Taxation

SUBCHAPTER 60 – Insurance Premium Tax

PART 1 - 2017 Rulemaking Concerning Insurance Premium Tax Rate and Qualifying Job Calculation Methodology

1.1 Authority

This regulation is promulgated in accordance with R.I. Gen. Laws § 44-17-1, as amended, and R.I. Gen. Laws § 42-142-2.1, as amended.

1.2 Purpose

The purpose of this regulation is to set forth the standards by which the Premium Jobs Committee (the “Committee”) will calculate the number of jobs at qualifying insurers during its rulemakings and to identify whether the statutory criteria was met during calendar year 2016 to reduce the premium tax rate.

1.3 Application

These rules and regulations shall be liberally construed so as to permit the Division of Taxation the authority to effectuate the purpose of R.I. Gen. Laws Chapter 44-17 and other applicable state laws and regulations.

1.4 Severability

If any provision of these rules or regulations, or the application thereof to any person or circumstances, is held invalid by a court of competent jurisdiction, the validity of the remainder of the rules and regulations shall not be impaired or affected thereby.

1.5 Definitions

- A. “Baseline” means the baseline level of employment of qualifying insurers for the calendar year 2015.
- B. “Qualifying Insurer” means the same as defined in R.I. Gen. Laws § 44-17-1(b), as amended.

- C. “Qualifying Job” means the same as defined in R.I. Gen. Laws § 44-17-1(d)(2), as amended.

1.6 Methodology for Calculating Qualifying Jobs

- A. The Department of Business Regulation’s (“DBR”) Division of Insurance (“DOI”) will annually request and compile information from Qualifying Insurers regarding their employment levels in Rhode Island, including the number of Qualifying Jobs they have within Rhode Island and other associated information, related to income taxes paid to Rhode Island by those employees and/or to ensure the accuracy of the information. During the first year, and after any changes to the definition(s) of Qualifying Job and/or Qualifying Insurer, DBR will also request additional information concerning the Baseline year.
- B. DBR will present the information it obtained from Qualifying Insurers to the Committee for review and questions. If necessary, DBR may seek additional information for particular insurers.
- C. The Department of Revenue (“DOR”) will obtain the information reported by DBR and review the numbers against information contained within DOR files to both verify DBR’s information and ensure compliance with R.I. Gen. Laws § 44-17-1, as amended.
- D. DOR will report back to the Committee on the results of its review.
- E. The Committee may use additional available information compiled through other statistical bodies (such as the RI Department of Labor’s Labor Markets Information Division, which compiles information regarding employment within the state according to industrial job classification) in reviewing the reported Qualifying Jobs at Qualifying Insurers.
- F. The Committee will review the information compiled by DBR and reviewed by DOR. The Committee may request that DBR and/or DOR seek additional information and/or review additional information in completing its statutory tasks.
- G. The Committee will identify any sources that it used to ensure that the information in its annual rulemaking was accurate, and include the specific numbers it found during its rulemaking in a report. Any confidential information used by the Committee or its members in its rulemaking will not become public by virtue of its use in this process.
- H. The Committee’s annual rulemaking will include figures it determined regarding the Qualifying Jobs at Qualifying Insurers, in addition to a comparison between insurance jobs in the Baseline year compared to the year in review.

1.7 2017 Rulemaking Concerning Premium Tax Rate

A. Finding of Facts

1. During the initial review, Qualifying Insurers reported to DBR 5,039 Qualifying Jobs during the 2015 baseline year and 4,841 Qualifying Jobs during 2016, reflecting a loss of 198 Qualifying Jobs. The Division of Taxation's review of the number of total jobs at the Qualifying Insurers corroborated that trend, in showing a decrease of 293 total jobs at those Qualifying Insurers.

B. Rulemaking

1. The Committee finds that there has not been a sufficient net increase in Qualifying Jobs in the preceding calendar year to offset a material reduction in the premium tax. Thus, there will be no change in the current premium tax rate during calendar year 2018.

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TITLE 280 - DEPARTMENT OF REVENUE

CHAPTER 20 - DIVISION OF TAXATION

SUBCHAPTER 60 - INSURANCE PREMIUM TAX

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