

PTAC Meeting Summary
April 15, 2009

Following is a summary of the 4-15-09 Premium Tax Advisory Council Meeting. I will key each of the items to the agenda for the meeting which is enclosed under separate cover.

IV. Approval of December 16, 2008 Meeting Minutes

The minutes were approved as distributed. They are also enclosed under separate cover.

V. DOI Update on Implementation Efforts

A. Assessment (HB 524 Funding)

Assessments on insurance companies for HB 524 are now 100% collected, and some companies were assessed penalties for lack of timely compliance. Some surplus lines brokers are not yet in compliance and face loss of the privilege of doing business.

B. Administrative Regulations

The repealer reg and the disclosure regs necessitated by HB 524 have been finalized as previously reported.

The verification regulation passed the Administrative Regulation and Review Subcommittee in March, meaning that it has 30 days to be acted upon by a committee of relevant jurisdiction (B & I) or it goes into effect. Since B & I is virtually certain not to meet in April, the regulation will become effective the first week of May.

C. Verification process

Once the regulation goes into effect vendors or companies who have written their own software will be able to make application for verification upon the regulation going into effect. DOI will then begin processing the applications.

How long the approval process will take primarily depends on how many applications are received. I am estimating that not more than 20-30 will be submitted, so the approval process should be fairly quick. We set the next meeting of the PTAC for June in anticipation that there may be approvals by then.

Once applications are approved, DOI will list approved software on its website in the "What's New" section and the local government premium tax area. Most companies will not need to apply for verification themselves, but will be able to wait for their vendors to be approved. Only those who have written their own software will need to apply themselves.

VI. Subcommittee Reports

A. Risk Location

The subcommittee did not meet since the last meeting but Neil Hackworth provided a quick update on the process of improving the digitizing of data for use by vendors and others. The Secretary of State's office is caught up in processing boundary changes reported by local governments, but there is a backlog in the Commonwealth Office of Technology in processing the information.

This backlog is due to the sudden influx of boundary changes that came in last year as cities caught up on years of failure to adequately report. This will not affect the verification process, but could have an impact on consumers for whom the wrong tax has been collected.

B. Due Diligence

The risk location chart has been well received, but issues continue to arise on difficult cases of assigning a tax jurisdiction. Two issues that have risen recently are contractor surety bonds and group disability income. These and other issues will need to be discussed and addressed by guidance from DOI, regulation, or statute.

C. Data Collection

No meeting was held since the last meeting of PTAC. The subcommittee was given the charge of discussing the issues surrounding DOI's desire for electronic filing of the annual reconciliation report. Among the issues the subcommittee will discuss include the access of local governments to the information contained in the reports.

D. Education

Agents have not had a lot of questions to this point on the changes enacted by HB 524. KDOI and the subcommittee continue to work with the agent associations and to make information available to the general public and local governments associations.

E. Future Reforms

There was discussion of the issues listed by the subcommittee last fall (enclosed under separate cover). The main topic of discussion was whether to have a bill come forward as an agency bill or as an industry/local government coalition effort. There was also some brief discussion of whether to present more than one bill or not.

One idea floated was to have the "technical correction" issues presented as a DOI bill and for the topics involving some policy changes to be a coalition effort. This issue will be discussed further at future meetings.

VII. Old Business

None

VIII. New Business

A. Electronic Annual Reconciliation

Discussed under the Data Collection Subcommittee topic above./

B. 09-10 Bulletin and Tax Schedule

This information is available in the local government premium tax section of the DOI website.

IX. Next Meeting Date

The next PTAC meeting was set for Tuesday, June 16, 2009 at 1:30 PM.

There being no further business the meeting adjourned.