

BY: Delegate Eckardt

AMENDMENTS TO SENATE BILL NO. 836
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 4, after the first “of” insert “requiring a court to impose a certain additional cost on defendants convicted of certain violations; requiring a court to impose a certain additional cost on defendants convicted of certain drunk and drugged driving offenses; providing for the distribution of the additional court costs imposed to a certain fund;”; in line 18, after “circumstances;” insert “repealing a certain tax on premiums applicable to certain health maintenance organizations and managed care organizations; repealing a certain requirement relating to the reporting of gross receipts by a managed care organization;”; and strike beginning with the third “the” in line 22 down through “organizations” in line 24 and substitute “certain revenues from certain additional court costs imposed by a court”.

On page 2, strike beginning with “requiring” in line 3 down through “Fund;” in line 4.

On page 3, strike beginning with “altering” in line 18 down through “organizations;” in line 19; after line 22, insert:

“BY repealing and reenacting, with amendments,

Article - Courts and Judicial Proceedings

Section 7-409

Annotated Code of Maryland

(2002 Replacement Volume and 2004 Supplement)

BY repealing

Article - Health - General

Section 15-102.7

Annotated Code of Maryland

(2000 Replacement Volume and 2004 Supplement)

(Over)

(As enacted by Ch. 5 of the Acts of the General Assembly of the 2004 Special Session)”;
after line 27, insert:

“BY repealing and reenacting, with amendments,

Article - Health - General

Section 19-727

Annotated Code of Maryland

(2000 Replacement Volume and 2004 Supplement)

(As enacted by Ch. 5 of the Acts of the General Assembly of the 2004 Special Session)”;

and after line 39, insert:

“BY repealing and reenacting, with amendments,

Article - Insurance

Section 6-101, 6-102(b), 6-103, 6-104(a), and 6-107(a)

Annotated Code of Maryland

(2003 Replacement Volume and 2004 Supplement)

(As enacted by Ch. 5 of the Acts of the General Assembly of the 2004 Special Session)”.

AMENDMENT NO. 2

On page 5, after line 8, insert:

“Article - Courts and Judicial Proceedings

7-409.

(a) (1) In this section the following words have the meanings indicated.

(2) “Crime” means an act committed by a person in the State that is:

(i) A crime under Title 1, Subtitle 3, Title 3, Subtitle 7, or § 4-123.1 of the Agriculture Article;

(ii) A crime under Title 19, Subtitle 2 or Subtitle 3 of the Business Regulation Article;

(iii) A crime under Title 14, Subtitle 29, § 11-810, or § 14-1317 of the

Commercial Law Article;

(iv) A crime under § 3-218, § 3-305(c)(2), § 3-409(a) or (c), § 3-803(b), § 3-807(i), § 3-808(d), § 3-811(c), § 8-801, § 8-802, § 9-602(e), § 11-702(d)(8), § 11-703(e)(5)(iii), § 11-708(b)(8)(ii), § 11-711(h)(2), § 11-712(c)(6)(ii), § 11-715(g)(2), § 11-716(h)(2), § 11-723(b)(8), or § 11-726 of the Correctional Services Article;

(v) A crime under the Criminal Law Article other than Title 8, Subtitle 2, Part II or § 10-614;

(vi) A crime under the Criminal Procedure Article;

(vii) A crime under Title 5, Subtitle 10A of the Environment Article;

(viii) A crime under § 5-503 of the Family Law Article;

(ix) A crime under Title 20, Subtitle 7 or § 21-259.1 of the Health - General Article;

(x) A crime under § 8-713.1, § 8-724.1, § 8-725.5, § 8-725.6, § 8-726.1, § 8-738.1, § 8-740.1, or § 10-411(b), as it relates to Harford County, or (d), as it relates to Anne Arundel County or Caroline County, of the Natural Resources Article;

(xi) A crime under Title 3, Subtitle 1 or Subtitle 5, Title 5, Subtitle 1, Subtitle 2, Subtitle 3, or Subtitle 4, § 6-602, § 7-402, or § 12-701 of the Public Safety Article;

(xii) A crime under § 14-127 of the Real Property Article;

(xiii) A violation of the Transportation Article that is punishable by imprisonment;

(xiv) A crime under Article 2B, Title 22 or § 18-104 of the Code;

(xv) A crime under Article 24, § 11-512, § 11-513, or § 11-514 of the

Code;

(xvi) A crime under Chapter 110-1 of the Code of Public Local Laws of
Caroline County;

(xvii) A crime under § 4-103 of the Code of Public Local Laws of Carroll
County;

(xviii) A crime under § 8A-1 of the Code of Public Local Laws of Talbot
County; or

(xix) A crime at common law.

(3) “Offense” means a violation of the Transportation Article that is not
punishable by imprisonment.

(b) In addition to any other costs required by law, a circuit court shall impose on a
defendant convicted of a crime an additional cost of \$45 in the case.

(c) In addition to any other costs required by law, the District Court shall impose on a
defendant convicted of a crime an additional cost of \$35 in the case.

(d) In addition to any other costs required by law, a court shall impose on a defendant
convicted of an offense an additional cost of \$3 in the case, including cases in which the defendant
elects to waive the right to trial and pay the fine or penalty deposit established by the Chief Judge of
the District Court by administrative regulation.

(E) EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION, IN
ADDITION TO ANY OTHER COSTS REQUIRED UNDER THIS SECTION OR BY LAW, A
COURT SHALL IMPOSE ON A DEFENDANT CONVICTED OF A VIOLATION OF THE
TRANSPORTATION ARTICLE AN ADDITIONAL COST OF \$50 IN THE CASE, INCLUDING
CASES IN WHICH THE DEFENDANT ELECTS TO WAIVE THE RIGHT TO TRIAL AND PAY
THE FINE OR PENALTY DEPOSIT ESTABLISHED BY THE CHIEF JUDGE OF THE
DISTRICT COURT BY ADMINISTRATIVE REGULATION.

(F) IN ADDITION TO ANY OTHER COSTS REQUIRED UNDER THIS SECTION OR BY LAW, A COURT SHALL IMPOSE ON A DEFENDANT CONVICTED OF A CRIME WHICH IS A VIOLATION OF § 21-902 OF THE TRANSPORTATION ARTICLE AN ADDITIONAL COST OF \$200 IN THE CASE, INCLUDING CASES IN WHICH THE DEFENDANT ELECTS TO WAIVE THE RIGHT TO TRIAL AND PAY THE FINE OR PENALTY DEPOSIT ESTABLISHED BY THE CHIEF JUDGE OF THE DISTRICT COURT BY ADMINISTRATIVE REGULATION.

[(e)] (G) (1) All money collected under this section shall be paid to the Comptroller of the State.

(2) The Comptroller shall deposit \$22.50 from each fee collected under subsection (b) of this section from a circuit court and \$12.50 from each fee collected under subsection (c) of this section from the District Court into the State Victims of Crime Fund established under § 11-916 of the Criminal Procedure Article.

(3) The Comptroller shall deposit \$2.50 from each fee collected under subsections (b) and (c) of this section into the Victim and Witness Protection and Relocation Fund established under § 11-905 of the Criminal Procedure Article.

(4) The Comptroller shall deposit all other moneys collected under subsections (b) and (c) of this section into the Criminal Injuries Compensation Fund established under § 11-819 of the Criminal Procedure Article.

[(f)] (H) (1) From the first \$500,000 in fees collected under subsection (d) of this section in each fiscal year, the Comptroller shall deposit one-half of each fee into the State Victims of Crime Fund and one-half of each fee into the Criminal Injuries Compensation Fund.

(2) For fees collected under subsection (d) of this section in excess of \$500,000 in each fiscal year, the Comptroller shall deposit the entire fee into the Criminal Injuries Compensation Fund.

(I) THE COMPTROLLER SHALL DEPOSIT ALL MONEY COLLECTED UNDER

(Over)

SUBSECTIONS (E) AND (F) OF THIS SECTION INTO THE MARYLAND HEALTH CARE PROVIDER RATE STABILIZATION FUND ESTABLISHED UNDER § 19-802 OF THE INSURANCE ARTICLE.

[(g)] (J) A political subdivision may not be held liable under any condition for the payment of sums under this section.”;

after line 9, insert:

“15-102.7.

The premium tax imposed under § 6-102 of the Insurance Article applies to managed care organizations.]”;

and after line 24, insert:

“19-727.

(A) [A] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A health maintenance organization is not exempted from any State, county, or local taxes solely because of this subtitle.

(B) (1) EACH HEALTH MAINTENANCE ORGANIZATION THAT IS AUTHORIZED TO OPERATE UNDER THIS SUBTITLE IS EXEMPTED FROM PAYING THE PREMIUM TAX IMPOSED UNDER TITLE 6, SUBTITLE 1 OF THE INSURANCE ARTICLE.

(2) PREMIUMS RECEIVED BY AN INSURER UNDER POLICIES THAT PROVIDE HEALTH MAINTENANCE ORGANIZATION BENEFITS ARE NOT SUBJECT TO THE PREMIUM TAX IMPOSED UNDER TITLE 6, SUBTITLE 1 OF THE INSURANCE ARTICLE TO THE EXTENT:

(I) OF THE AMOUNTS ACTUALLY PAID BY THE INSURER TO A NONPROFIT HEALTH MAINTENANCE ORGANIZATION THAT OPERATES ONLY AS A HEALTH MAINTENANCE ORGANIZATION; OR

(II) THE PREMIUMS HAVE BEEN PAID BY THAT NONPROFIT HEALTH MAINTENANCE ORGANIZATION.”.

On page 13, after line 31, insert:

“6-101.

(a) The following persons are subject to taxation under this subtitle:

(1) a person engaged as principal in the business of writing insurance contracts, surety contracts, guaranty contracts, or annuity contracts;

(2) [a managed care organization authorized by Title 15, Subtitle 1 of the Health - General Article;

(3) a health maintenance organization authorized by Title 19, Subtitle 7 of the Health - General Article;

(4)] an attorney in fact for a reciprocal insurer;

[(5)] (3) the Maryland Automobile Insurance Fund; and

[(6)] (4) a credit indemnity company.

(b) The following persons are not subject to taxation under this subtitle:

(1) a nonprofit health service plan corporation that meets the requirements established under §§ 14-106 and 14-107 of this article;

(2) a fraternal benefit society;

(3) A HEALTH MAINTENANCE ORGANIZATION AUTHORIZED BY

(Over)

TITLE 19, SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE;

[(3)] (4) a surplus lines broker, who is subject to taxation in accordance with Title 3, Subtitle 3 of this article;

[(4)] (5) an unauthorized insurer, who is subject to taxation in accordance with Title 4, Subtitle 2 of this article;

[(5)] (6) the Maryland Health Insurance Plan established under Title 14, Subtitle 5, Part I of this article; or

[(6)] (7) the Senior Prescription Drug Program established under Title 14, Subtitle 5, Part II of this article.

6-102.

(b) Premiums to be taxed include:

(1) the consideration for a surety contract, guaranty contract, or annuity contract;

(2) [gross receipts received as a result of capitation payments, supplemental payments, and bonus payments, made to a managed care organization for provider services to an individual who is enrolled in a managed care organization;

(3) subscription charges or other amounts paid to a health maintenance organization on a predetermined periodic rate basis by a person other than a person subject to the tax under this subtitle as compensation for providing health care services to members;

(4)] dividends on life insurance policies that have been applied to buy additional insurance or to shorten the period during which a premium is payable; and

[(5)] (3) the part of the gross receipts of a title insurer that is derived from insurance business or guaranty business.

6-103.

The tax rate is:

- (1) 0% for premiums for annuities; and
- (2) 2% for all other premiums[, including:
 - (i) gross receipts received as a result of capitation payments made to a managed care organization, supplemental payments, and bonus payments; and
 - (ii) subscription charges or other amounts paid to a health maintenance organization].

6-104.

(a) Subject to subsection (b) of this section, in computing the tax under this section, the following deductions from gross direct premiums allocable to the State are allowed:

- (1) returned premiums, not including surrender values;
- (2) dividends that are:
 - (i) paid or credited to policyholders; or
 - (ii) applied to buy additional insurance or to shorten the period during which premiums are payable; [and]
- (3) returns or refunds made or credited to policyholders because of retrospective ratings or safe driver rewards; AND
- (4) PREMIUMS RECEIVED BY A PERSON SUBJECT TO TAXATION UNDER THIS SUBTITLE UNDER POLICIES PROVIDING HEALTH MAINTENANCE ORGANIZATION BENEFITS TO THE EXTENT:

(Over)

(I) OF THE AMOUNTS ACTUALLY PAID BY THE PERSON TO A NONPROFIT HEALTH MAINTENANCE ORGANIZATION AUTHORIZED BY TITLE 19, SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE THAT OPERATES ONLY AS A HEALTH MAINTENANCE ORGANIZATION THAT IS EXEMPT FROM TAXES UNDER § 19-727(B) OF THE HEALTH - GENERAL ARTICLE; OR

(II) THAT THE PREMIUMS HAVE BEEN PAID BY A HEALTH MAINTENANCE ORGANIZATION THAT IS EXEMPT FROM TAXES UNDER § 19-727(B) OF THE HEALTH - GENERAL ARTICLE.

6-107.

(a) On or before March 15 of each year, each person subject to taxation under this subtitle shall:

(1) file with the Commissioner:

(i) a report of the new and renewal gross direct premiums less returned premiums written by the person during the preceding calendar year; AND

(ii) [a report of the gross receipts received as a result of capitation payments, supplemental payments, and bonus payments made to a managed care organization during the preceding calendar year; and

(iii)] if the person issues perpetual policies of fire insurance, a report of the average amount of deposits held by the person during the preceding calendar year in connection with perpetual policies of fire insurance issued on property in the State and in force during any part of that year; and

(2) pay to the Commissioner the total amount of taxes imposed by this subtitle, as shown on the face of the report, after crediting the amount of taxes paid with the declaration of estimated tax and each quarterly report filed under § 6-106 of this subtitle.”.

On page 22, strike beginning with “REVENUE” in line 1 down through “THIS” in line 2 and

substitute "REVENUES COLLECTED UNDER § 7-409(E) AND (F) OF THE COURTS".

On pages 22 and 23, strike beginning with "NOTWITHSTANDING" in line 33 on page 22 down through "(2)" in line 4 on page 23 and substitute "(1)".

On page 23, in line 9, strike "(3)" and substitute "(2)"; and in line 10, strike "(2)" and substitute "(1)".

On page 35, strike in their entirety lines 27 through 36, inclusive.

On page 36, in line 1, strike "4." and substitute "3.".