

State Insurance Revenues

In addition to state authority and consumer protection laws, federal regulation of insurance threatens state revenues. States collected nearly \$10.5 billion from insurance taxes, fees and fines in 2000. Of this amount, only \$880 million—8.4 percent—was spent on the oversight of insurance while the remaining \$9.6 billion went to state general funds to pay for other state programs.

Current proposals for an optional federal insurance charter are revenue neutral to the states, but many believe that the federal government would preempt or diminish this important source of state revenue soon after a federal insurance regulator was in place.

More than 87 percent of state insurance revenues come from premium taxes. Premium taxes are gross receipt taxes, which place a flat levy—typically between two and three percent, but as low as 0.75 percent in Wyoming and as high as 4.265 percent in Hawaii—on all premiums paid.

Most corporations pay taxes only on net profits. States generally apply higher rates but allow businesses to write off the cost of doing business from the tax base. Insurance companies pay taxes on all the money that they receive in premiums, regardless of whether they make a profit.

As a result, states generate more money from premium taxes on insurance than they do from other industries.

*Written by NCSL Staff
Source: NAIC, 2001*

Insurance Taxes, Fees and Fines in 2000	
State	Total Revenues (in millions)
Alabama	\$ 204
Alaska	34
Arizona	179
Arkansas	128
California	1,438
Colorado	134
Connecticut	228
Delaware	56
District of Columbia	41
Florida	516
Georgia	517
Hawaii	75
Idaho	65
Illinois	252
Indiana	166
Iowa	139
Kansas	85
Kentucky	170
Louisiana	158
Maine	53
Maryland	213
Massachusetts	36
Michigan	22
Minnesota	174
Mississippi	120
Missouri	185
Montana	43
Nebraska	59
Nevada	141
New Hampshire	59
New Jersey	378
New Mexico	94
New York	737
North Carolina	322
North Dakota	30
Ohio	379
Oklahoma	170
Oregon	60
Pennsylvania	291
Rhode Island	58
South Carolina	110
South Dakota	46
Tennessee	312
Texas	839
U.S. Virgin Islands	12
Utah	93
Vermont	37
Virginia	289
Washington	283
West Virginia	107
Wisconsin	113
Wyoming	12
Total	\$10,459