

REFERENCE TITLE: health care workforce council; fund

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HB 2171

Introduced by
Representative Bliss

AN ACT

AMENDING SECTIONS 20-224, 20-224.02, 20-225 AND 20-227, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 53, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-5405; RELATING TO THE OFFICE OF ECONOMIC OPPORTUNITY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-224, Arizona Revised Statutes, is amended to
3 read:

4 20-224. Premium tax; reports

5 A. On or before March 1 of each year, each authorized domestic
6 insurer, each other insurer and each formerly authorized insurer referred
7 to in section 20-206, subsection B shall file with the director a report
8 in a form prescribed by the director showing total direct premium income,
9 including policy membership and other fees, and all other considerations
10 for insurance from all classes of business whether designated as a premium
11 or otherwise received by it during the preceding calendar year on account
12 of policies and contracts covering property, subjects or risks located,
13 resident or to be performed in this state, after deducting from such total
14 direct premium income applicable cancellations, returned premiums, the
15 amount of reduction in or refund of premiums allowed to industrial life
16 policyholders for payment of premiums direct to an office of the insurer
17 and all policy dividends, refunds, savings coupons and other similar
18 returns paid or credited to policyholders within this state and not
19 reapplied as premiums for new, additional or extended insurance. ~~NO~~ A
20 deduction shall NOT be made of the cash surrender values of policies or
21 contracts. Considerations received on annuity contracts, as well as the
22 unabsorbed portion of any premium deposit, shall not be included in total
23 direct premium income, and neither shall be subject to tax. The report
24 shall separately indicate the total direct fire insurance premium income
25 received from property located in the incorporated cities and towns
26 certified by the office of the state fire marshal pursuant to section
27 9-951, subsection B, as procuring the services of a private fire company.

28 B. Coincident with the filing of the tax report, each insurer shall
29 pay to the director for deposit, pursuant to sections 35-146 and 35-147, a
30 tax on such net premiums at the following rates:

31 1. For fire insurance:

32 (a) On property located in a city or town certified by the office
33 of the state fire marshal pursuant to section 9-951, subsection B, as
34 procuring the services of a private fire company, .66 percent.

35 (b) On all other property, 2.2 percent.

36 2. For disability insurance, 2.0 percent.

37 3. For health care service plans, the rates prescribed under
38 sections 20-837, 20-1010 and 20-1060.

39 4. For other insurance:

40 (a) For premiums received in calendar year 2016, 1.95 percent.

41 (b) For premiums received in calendar year 2017, 1.90 percent.

42 (c) For premiums received in calendar year 2018, 1.85 percent.

43 (d) For premiums received in calendar year 2019, 1.80 percent.

1 (e) For premiums received in calendar year 2020, 1.75 percent.

2 (f) For premiums received in calendar year 2021 and for each
3 subsequent calendar year, 1.70 percent.

4 C. Any payments of tax pursuant to subsection ~~F~~ G of this section
5 shall be deducted from the tax payable pursuant to subsection B of this
6 section. Each insurer shall reflect the cost savings attributable to the
7 lower tax in fire insurance premiums charged on property located in an
8 incorporated city or town certified by the office of the state fire
9 marshal pursuant to section 9-951, subsection B, as procuring the services
10 of a private fire company. ~~No AN insurer shall be~~ IS NOT liable to the
11 state or to any other person, ~~or shall be~~ AND IS NOT subject to regulatory
12 action, relating to the calculation or submittal of fire insurance
13 premium taxes based in good faith on the office of the state fire
14 marshal's certification.

15 D. Eighty-five percent of the tax paid under this section by an
16 insurer on account of premiums received for fire insurance shall be
17 separately specified in the report and shall be apportioned in the manner
18 provided by sections 9-951, 9-952 and 9-972, except that all of the tax so
19 allocated to a fund of a municipality or fire district that has no
20 volunteer firefighters or pension obligations to volunteer firefighters
21 shall be appropriated to the account of the municipality or fire district
22 in the public safety personnel retirement system and all of the tax so
23 allocated to a fund of a municipality or fire district that has both
24 full-time paid firefighters and volunteer firefighters or pension
25 obligations to full-time paid firefighters or volunteer firefighters shall
26 be appropriated to the account of the municipality or fire district in the
27 public safety personnel retirement system where it shall be reallocated by
28 actuarial procedures proportionately to the municipality or fire district
29 for the account of the full-time paid firefighters and to the municipality
30 or fire district for the account of the volunteer firefighters. A
31 municipality or fire district shall provide to the public safety personnel
32 retirement system all information that the system deems necessary to
33 perform the reallocation prescribed by this section. A full accounting of
34 the reallocation shall be forwarded to the municipality or fire district
35 and its local boards.

36 E. BEGINNING IN FISCAL YEAR 2027-2028, TEN PERCENT OF THE TAX PAID
37 UNDER THIS SECTION BY AN INSURER ON ACCOUNT OF PREMIUMS RECEIVED FOR
38 ACCIDENT AND HEALTH INSURANCE AND ARIZONA HEALTH CARE COST CONTAINMENT
39 SYSTEM CONTRACTED COVERAGE SHALL BE SEPARATELY SPECIFIED IN THE REPORT AND
40 SHALL BE DISTRIBUTED TO THE ARIZONA HEALTH CARE WORKFORCE INVESTMENT FUND
41 ESTABLISHED BY SECTION 41-5405.

42 ~~F~~ F. This section does not apply to title insurance. Title
43 insurers shall be taxed as provided in section 20-1566.

44 ~~F~~ G. Any insurer that paid or is required to pay a tax of \$50,000
45 or more on net premiums received during the preceding calendar year,

1 pursuant to subsection B of this section and sections 20-224.01, 20-837,
2 20-1010, 20-1060 and 20-1097.07, shall file on or before the fifteenth day
3 of each month from March through August a report for that month, on a form
4 prescribed by the director, accompanied by a payment in an amount equal to
5 fifteen percent of the amount paid or required to be paid during the
6 preceding calendar year pursuant to subsection B of this section and
7 sections 20-224.01, 20-837, 20-1010, 20-1060 and 20-1097.07. The payments
8 are due and payable on or before the fifteenth day of each month and shall
9 be made to the director for deposit, ~~pursuant to sections 35-146 and~~
10 35-147.

11 ~~G.~~ H. Except for the tax paid on fire insurance premiums pursuant
12 to subsections B and D of this section, an insurer may claim a premium tax
13 credit if the insurer qualifies for a credit pursuant to section
14 20-224.03, 20-224.04, 20-224.06 or 20-224.07.

15 ~~H.~~ I. On receipt of a properly documented claim, a refund shall be
16 provided to an insurer from available ~~funds~~ MONIES for the excess amount
17 of any fire insurance premium improperly paid by the insurer. The insurer
18 shall reflect the refund in the fire insurance premiums charged on the
19 property that was charged the excessive amount.

20 ~~I.~~ J. On or before September 30 of each year, the director of the
21 department of insurance and financial institutions shall report to the
22 directors of the joint legislative budget committee and the governor's
23 office of strategic planning and budgeting on the amount of insurance
24 premium tax credits established by sections 20-224.03, 20-224.04,
25 20-224.05, 20-224.06 and 20-224.07 that were used during the previous
26 fiscal year.

27 ~~J.~~ K. For the purposes of:

28 1. Subsection B of this section, fire insurance is one hundred
29 percent of fire lines, forty percent of commercial multiple peril
30 nonliability lines, thirty-five percent of homeowners' multiple peril
31 lines, twenty-five percent of farm owners' multiple peril lines and twenty
32 percent of allied lines.

33 2. Section 20-416, fire insurance is eighty-five percent of fire
34 and allied lines.

35 ~~K.~~ L. ~~From and after December 31, 2017,~~ The director may require
36 that reports and payments under this section be submitted electronically.
37 If the director requires electronic submission, the director shall include
38 on the department's official website a list of one or more acceptable
39 third-party services through which an insurer must submit reports and
40 payments.

41 Sec. 2. Section 20-224.02, Arizona Revised Statutes, is amended to
42 read:

43 20-224.02. Credit for overpayment of tax

44 If an overpayment of the taxes imposed by sections 20-224,
45 20-224.01, 20-837, 20-1010, 20-1060 and 20-1097.07 results from payments

1 made pursuant to the method prescribed in section 20-224, subsection ~~F~~ G,
2 the director shall within three months after the due date refund the
3 overpayment without interest.

4 Sec. 3. Section 20-225, Arizona Revised Statutes, is amended to
5 read:

6 20-225. Failure to pay tax; penalty; exception

7 A. Any insurer failing to pay the tax prescribed by sections
8 20-224, 20-224.01, 20-837, 20-1010, 20-1060 and 20-1097.07 is subject to a
9 civil penalty not to exceed the greater of ~~twenty-five dollars~~ \$25 or five
10 percent of the amount due plus interest at the rate of one percent per
11 month from the date the tax was due.

12 B. The director may refuse to renew the certificate of authority of
13 any insurer failing to pay the tax on or before the date it is due. The
14 director shall revoke the certificate of authority of any insurer failing
15 to pay the tax for more than thirty days after it was due.

16 C. If the director requires the tax to be paid electronically
17 through a designated third-party service pursuant to section 20-224,
18 subsection ~~K~~ L, no penalty accrues with respect to any payment of tax or
19 interest that is late due to delays caused by the third-party service.

20 Sec. 4. Section 20-227, Arizona Revised Statutes, is amended to
21 read:

22 20-227. Disposition of tax proceeds

23 The purpose of the taxes provided by this title is to assist in
24 defraying the cost of state government and to lessen the tax burden ~~upon~~
25 **ON** tangible property. All taxes collected under this title shall be
26 deposited, pursuant to sections 35-146 and 35-147, in the state general
27 fund and shall be used, together with the revenue from other sources, to
28 pay appropriations for the maintenance of state government, except as
29 provided in ~~subsection C of section 20-224, (firemen's relief and pension~~
30 ~~fund)~~ **SUBSECTIONS D AND E** and ~~in section 20-224.01 (highway patrol account~~
31 ~~of the public safety personnel retirement system)~~ and other applicable
32 statutes.

33 Sec. 5. Title 41, chapter 53, article 3, Arizona Revised Statutes,
34 is amended by adding section 41-5405, to read:

35 41-5405. Arizona health care workforce advisory council;
36 Arizona health care workforce investment fund;
37 recommendations; annual report; exemption

38 **A. THE ARIZONA HEALTH CARE WORKFORCE ADVISORY COUNCIL IS**
39 **ESTABLISHED IN THE OFFICE TO ADDRESS HEALTH CARE WORKFORCE SHORTAGES IN**
40 **THIS STATE. THE ARIZONA HEALTH CARE WORKFORCE ADVISORY COUNCIL CONSISTS**
41 **OF THE FOLLOWING MEMBERS:**

42 **1. FIVE REPRESENTATIVES FROM HEALTH INSURERS WITH KNOWLEDGE OF**
43 **NETWORK ADEQUACY CHALLENGES. TWO MEMBERS SHALL BE APPOINTED BY THE**
44 **PRESIDENT OF THE SENATE, TWO MEMBERS SHALL BE APPOINTED BY THE SPEAKER OF**

- 1 THE HOUSE OF REPRESENTATIVES AND ONE MEMBER SHALL BE APPOINTED BY THE
2 GOVERNOR.
- 3 2. ONE REPRESENTATIVE FROM A DENTAL INSURER WHO IS APPOINTED BY THE
4 GOVERNOR.
- 5 3. THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES OR THE
6 DIRECTOR'S DESIGNEE WHO HAS KNOWLEDGE OF THE HEALTH CARE WORKFORCE OF THIS
7 STATE.
- 8 4. THE DIRECTOR OF THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
9 ADMINISTRATION OR THE DIRECTOR'S DESIGNEE WHO HAS KNOWLEDGE OF NETWORK
10 ADEQUACY.
- 11 5. ONE REPRESENTATIVE FROM AN ORGANIZATION IN THIS STATE THAT
12 REPRESENTS PHYSICIANS WHO IS APPOINTED BY THE SPEAKER OF THE HOUSE OF
13 REPRESENTATIVES.
- 14 6. ONE REPRESENTATIVE FROM AN ORGANIZATION IN THIS STATE THAT
15 REPRESENTS NURSES WHO IS APPOINTED BY THE PRESIDENT OF THE SENATE.
- 16 7. ONE REPRESENTATIVE FROM AN ORGANIZATION IN THIS STATE THAT
17 REPRESENTS BEHAVIORAL HEALTH CARE WHO IS APPOINTED BY THE GOVERNOR.
- 18 8. ONE REPRESENTATIVE FROM AN ORGANIZATION IN THIS STATE THAT
19 REPRESENTS DENTISTS WHO IS APPOINTED BY THE SPEAKER OF THE HOUSE OF
20 REPRESENTATIVES.
- 21 9. TWO REPRESENTATIVES FROM ORGANIZATIONS IN THIS STATE THAT
22 REPRESENT HOSPITALS WHO ARE APPOINTED BY THE GOVERNOR.
- 23 10. THE PRESIDENT OF EACH OF THE UNIVERSITIES THAT ARE UNDER THE
24 JURISDICTION OF THE ARIZONA BOARD OF REGENTS OR THE PRESIDENT'S DESIGNEE.
- 25 11. ONE REPRESENTATIVE FROM AN ORGANIZATION IN THIS STATE THAT
26 REPRESENTS COMMUNITY COLLEGES IN THIS STATE WHO IS APPOINTED BY THE
27 PRESIDENT OF THE SENATE.
- 28 12. ONE REPRESENTATIVE FROM EACH PRIVATE COLLEGE IN THIS STATE THAT
29 HAS A PHYSICAL CAMPUS AND ON-SITE INSTRUCTION, THAT TRAINS HEALTH CARE
30 WORKERS TO AT LEAST A BACHELOR'S DEGREE LEVEL AND THAT HAS AT LEAST FIVE
31 HUNDRED STUDENTS ENROLLED IN HEALTH CARE DEGREE PROGRAMS WHO IS APPOINTED
32 BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.
- 33 B. THE ARIZONA HEALTH CARE WORKFORCE INVESTMENT FUND IS ESTABLISHED
34 CONSISTING OF GRANTS, DONATIONS AND MONIES DISTRIBUTED PURSUANT TO SECTION
35 20-224, SUBSECTION E. DONATIONS MADE BY INSURANCE COMPANIES THAT OWN AN
36 ENTITY THAT IS A CONTRACTOR AS DEFINED IN SECTION 36-2901 COUNT TOWARD
37 THAT COMPANY'S COMMUNITY REINVESTMENT REQUIREMENT. MONIES IN THE FUND ARE
38 CONTINUOUSLY APPROPRIATED AND ARE EXEMPT FROM THE PROVISIONS OF SECTION
39 35-190 RELATING TO LAPSING OF APPROPRIATIONS. THE DIRECTOR SHALL
40 ADMINISTER THE FUND.
- 41 C. BEGINNING JULY 1, 2027 AND EACH JULY 1 THEREAFTER, THE COUNCIL
42 SHALL MEET AND MAKE RECOMMENDATIONS TO THE DIRECTOR ON HOW TO ALLOCATE THE
43 MONIES IN THE FUND. THE COUNCIL SHALL PREPARE AND SUBMIT AN ANNUAL REPORT
44 WITH THE RECOMMENDATIONS TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND

1 THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND SHALL PROVIDE A COPY TO
2 THE SECRETARY OF STATE.
3 D. MONIES IN THE FUND MAY BE USED FOR ANY OF THE FOLLOWING:
4 1. EXPANDING CLASS SIZES AT COLLEGES AND UNIVERSITIES IN THIS
5 STATE.
6 2. PURCHASING NEW EQUIPMENT AND LABORATORY SPACE.
7 3. HIRING NEW FACULTY MEMBERS.
8 4. POST-GRADUATE CLINICAL TRAINING PROGRAMS.
9 5. SCHOLARSHIPS WITH FOUR-YEAR WORKING REQUIREMENTS IN THIS STATE.
10 E. AT LEAST TEN PERCENT OF THE MONIES IN THE FUND SHALL BE USED FOR
11 RURAL HEALTH CARE GRANTS TO HELP ATTRACT HEALTH CARE PROVIDERS TO RURAL
12 AREAS AND SHALL INCLUDE FUNDING FOR ANY OF THE FOLLOWING:
13 1. FACILITY INVESTMENT.
14 2. PURCHASING MEDICAL EQUIPMENT NECESSARY TO OPEN A NEW OFFICE IN
15 LOCATIONS THAT DO NOT HAVE HEALTH CARE PROVIDERS.
16 3. SIGNING BONUSES TO BRING IN HEALTH CARE PROVIDERS.
17 4. MEDICAL LOAN REPAYMENT.
18 F. THE DIRECTOR SHALL PRESCRIBE A SIMPLIFIED FORM AND PROCEDURE TO
19 APPLY FOR AND APPROVE GRANTS AND ESTABLISH REQUIREMENTS AND CRITERIA BY
20 WHICH GRANTS WILL BE AWARDED.
21 G. IF MONIES IN THE FUND ARE ELIGIBLE FOR FEDERAL MATCHING MONIES,
22 THE DIRECTOR MAY ENTER INTO AGREEMENTS WITH OTHER STATE AGENCIES IN ORDER
23 TO BE ELIGIBLE AND APPLY FOR THE FEDERAL MATCHING MONIES.