



NOTICE TO OKLAHOMA SURPLUS LINES BROKERS

June 28, 2021

Oklahoma SB 66 was signed into law by Governor Stitt on May 28, 2021, providing changes to 36 O.S. 2011, Section 1115. Essentially, public school district policy premium is exempt from premium tax effective November 1, 2021.

Due to the effective date established in law, any new premium for a policy sold to a public school district with effective dates of coverage through October 31, 2021 is subject to the current six percent premium tax. Policy premium for coverage November 1, 2021 and thereafter is exempt from premium tax.

Please prorate the portion of gross premium through October 31, 2021, then calculate and apply the premium tax rate accordingly. The prorated portion of gross premium from November 1, 2021 on is premium tax exempt.

Oklahoma mandates the use of OPTins for quarterly reporting of surplus lines business and the remittance of premium tax. Forms SL3b and SL3c reside on OPTins and are the required excel format forms for reporting. To report a policy with premium for which a portion is taxed and another portion is tax exempt, please follow these instructions in completing the SL3b and SL3c forms:

- On the first row reporting the policy, please list the policy as taxable, list the prorated effective dates of coverage, and list the prorated amount of policy premium for the period. The form will auto-calculate the premium tax.
- On the very next row, please list the policy as premium tax exempt, list the prorated effective dates of coverage, and list the prorated amount of policy premium for the period as zero. The form will auto-calculate zero premium tax for this policy period.

Calculation of prorated premium and premium tax should mostly affect only broker quarterly reports for 2021 Q3 and Q4. However, if you have a previously issued policy already in force for an Oklahoma public school district that has an effective coverage period that extends beyond November 1, 2021, you may wish to consider if an amended quarterly return to report that portion of exempt policy premium for credit/refund of premium tax may be needed.

Only premiums paid by the funds of public school district are eligible for exemption. Auxiliary groups and organizations such as parent-teacher organization, band club, booster club, etc. do not meet statutory requirements for exempt premium and will be disallowed if reported for exemption. Statutory definition of school district:

§70-1-108. School district - Definition.

A school district is defined as any area or territory comprising a legal entity, whose primary purpose is that of providing free school education, whose boundary lines are a matter of public record, and the area of which constitutes a complete tax unit.

Please note that all surplus lines policies, including premium tax exempt policies, are required to be reported. Please feel free to contact Oklahoma Premium Tax Unit staff if you have questions or need assistance:

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