

By: Farrar

H.B. No. 1128

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the premium tax on certain life, health, and accident  
3 insurance policies.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 2(c), Article 4.11, Insurance Code, is  
6 amended to read as follows:

7 (c) "Gross premiums" are the total gross amount of all  
8 premiums, membership fees, assessments, dues, and any other  
9 considerations for such insurance received during the taxable year  
10 on each and every kind of such insurance policy or contract covering  
11 persons located in the State of Texas and arising from the types of  
12 insurance specified in Section 1 of this article, but deducting  
13 returned premiums, any dividends applied to purchase paid-up  
14 additions to insurance or to shorten the endowment or premium  
15 payment period, and excluding those premiums received from  
16 insurance carriers for reinsurance and there shall be no deduction  
17 for premiums paid for reinsurance. For purposes of this article, a  
18 stop-loss or excess loss insurance policy issued to a health  
19 maintenance organization, as defined under Chapter 843 of this code  
20 [~~the Texas Health Maintenance Organization Act (Chapter 20A,~~  
21 ~~Vernon's Texas Insurance Code)~~], shall be considered reinsurance.  
22 Such gross premiums shall not include premiums received from the  
23 Treasury of the State of Texas or from the Treasury of the United  
24 States for insurance contracted for by the state or federal

1 government for the purpose of providing welfare benefits to  
2 designated welfare recipients or for insurance contracted for by  
3 the state or federal government in accordance with or in  
4 furtherance of the provisions of Title 2, Human Resources Code, or  
5 the Federal Social Security Act. The gross premiums receipts so  
6 reported shall not include the amount of premiums paid on group  
7 health, accident, and life policies in which the group covered by  
8 the policy consists of a single nonprofit trust established to  
9 provide coverage primarily for employees of:

10 (1) a municipality, county, ~~or~~ hospital district, or  
11 another political subdivision of ~~in~~ this state; or

12 (2) a county or municipal hospital, without regard to  
13 whether the employees are employees of the county or municipality  
14 or another entity operating the hospital on behalf of the county or  
15 municipality.

16 SECTION 2. (a) This Act takes effect January 1, 2004.

17 (b) The change in law made by this Act applies only to a  
18 premium tax imposed under Article 4.11, Insurance Code, as amended  
19 by this Act, beginning January 1, 2004. A tax imposed under that  
20 article before January 1, 2004, is governed by the law that existed  
21 in the tax year in which that tax was imposed, and that law is  
22 continued in effect for that purpose.