

By: Averitt

S.B. No. 777

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to implementation of a premium tax credit for certain  
3 investments by insurers.

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

5 SECTION 1. Articles 4.51(2) and (13), Insurance Code, are  
6 amended to read as follows:

7 (2) "Allocation date" means the date on which the  
8 certified investors of a certified capital company are allocated  
9 premium tax credits [~~certified capital~~] by the comptroller under  
10 this subchapter.

11 (13) "State premium tax liability" means:

12 (A) any liability incurred by any person under  
13 Subchapter A of this chapter; or

14 (B) if the tax liability imposed under Subchapter  
15 A of this chapter on January 1, 2003 [~~2001~~], is eliminated or  
16 reduced, any tax liability imposed on an insurance company or other  
17 person that had premium tax liability under Subchapter A of this  
18 chapter on that date.

19 SECTION 2. Article 4.52, Insurance Code, is amended to read  
20 as follows:

21 Art. 4.52. DUTIES OF COMPTROLLER; RULES; IMPLEMENTATION.

22 The comptroller shall administer this subchapter and shall [~~may~~]  
23 adopt rules and forms as necessary to implement this subchapter.

24 The rules must provide that:

1           (1) the comptroller shall begin accepting  
2 applications for certification as a certified capital company not  
3 later than the 30th day after the date the rules are adopted; and

4           (2) the comptroller shall accept premium tax credit  
5 allocation claims on behalf of certified investors on a date not  
6 later than the 120th day after the date the rules are adopted.

7           SECTION 3. Article 4.65(a), Insurance Code, is amended to  
8 read as follows:

9           (a) A certified investor who makes an investment of  
10 certified capital shall in the year of investment earn a vested  
11 credit against state premium tax liability equal to 100 percent of  
12 the certified investor's investment of certified capital, subject  
13 to the limits imposed by this subchapter. Beginning with the tax  
14 report due March 1, 2006, for the 2005 tax year, a [A] certified  
15 investor may take up to 10 percent of the vested premium tax credit  
16 in any taxable year of the certified investor.

17           SECTION 4. Article 4.66(a), Insurance Code, is amended to  
18 read as follows:

19           (a) A premium tax credit allocation claim must be prepared  
20 and executed by a certified investor on a form provided by the  
21 comptroller. The certified capital company must file the claim with  
22 the comptroller on the date on which the comptroller accepts  
23 premium tax credit allocation claims on behalf of certified  
24 investors under rules adopted under Article 4.52(2) of this code  
25 [not later than February 15, 2002]. The premium tax credit  
26 allocation claim form must include an affidavit of the certified  
27 investor under which the certified investor becomes legally bound

1 and irrevocably committed to make an investment of certified  
2 capital in a certified capital company in the amount allocated even  
3 if the amount allocated is less than the amount of the claim,  
4 subject only to the receipt of an allocation under Article 4.68 of  
5 this code.

6 SECTION 5. Article 4.68(c), Insurance Code, is amended to  
7 read as follows:

8 (c) Not later than the fifteenth day after the date on which  
9 the comptroller accepts premium tax credit allocation claims on  
10 behalf of certified investors under rules adopted under Article  
11 4.52(2) of this code [~~March 1, 2002~~], the comptroller shall notify  
12 each certified capital company of the amount of tax credits  
13 allocated to each certified investor. Each certified capital  
14 company shall notify each certified investor of their premium tax  
15 credit allocation.

16 SECTION 6. Article 4.73(a), Insurance Code, is amended to  
17 read as follows:

18 (a) The comptroller shall prepare a biennial report with  
19 respect to results of the implementation of this subchapter. The  
20 report must include:

21 (1) the number of certified capital companies holding  
22 certified capital;

23 (2) the amount of certified capital invested in each  
24 certified capital company;

25 (3) the amount of certified capital the certified  
26 capital company has invested in qualified businesses as of January  
27 1, 2006 [~~2004~~], and the cumulative total for each subsequent year;

1           (4) the total amount of tax credits granted under this  
2 subchapter for each year that credits have been granted;

3           (5) the performance of each certified capital company  
4 with respect to renewal and reporting requirements imposed under  
5 this subchapter;

6           (6) with respect to the qualified businesses in which  
7 certified capital companies have invested:

8                   (A) the classification of the qualified  
9 businesses according to the industrial sector and the size of the  
10 business;

11                   (B) the total number of jobs created by the  
12 investment and the average wages paid for the jobs; and

13                   (C) the total number of jobs retained as a result  
14 of the investment and the average wages paid for the jobs; and

15           (7) the certified capital companies that have been  
16 decertified or that have failed to renew the certification and the  
17 reason for any decertification.

18           SECTION 7. Article 4.74, Insurance Code, is repealed.

19           SECTION 8. The comptroller shall adopt rules and forms as  
20 necessary to implement Subchapter B, Chapter 4, Insurance Code, as  
21 amended by this Act, not later than the 90th day after the effective  
22 date of this Act.

23           SECTION 9. This Act takes effect immediately if it receives  
24 a vote of two-thirds of all the members elected to each house, as  
25 provided by Section 39, Article III, Texas Constitution. If this  
26 Act does not receive the vote necessary for immediate effect, this  
27 Act takes effect September 1, 2003.