

## **BILL ANALYSIS**

H.B. 532  
By: Howard  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

In 2001, the Legislature created the Certified Capital Company (CAPCO) investment program to encourage business investment in Texas. CAPCOs are state regulated, privately owned investment companies that focus on small and early stage businesses operating in Texas.

Under the initial legislation, all companies subject to a premium tax in Texas were eligible to participate in the CAPCO program. At the time, title insurance companies were excluded from the bill due to unresolved tax litigation in several western states. These issues have since been resolved. Thus, House Bill 532 reinstates title insurance companies that pay a premium tax in Texas as eligible for the CAPCO program. Because insurance companies typically have available capital, regulated premium tax credits will encourage insurance company investment. By allowing eligible title insurance companies to participate in the CAPCO investment program, HB 532 is designed to encourage small business growth and job creation in Texas.

The original CAPCO statute was amended in 2003, postponing any tax credit recovery until 2009. The Office of the Comptroller issues CAPCO operating rules and must certify that money is available before any CAPCO tax credits are claimed. Current law indemnifies the State from any loss by premium tax credit forfeiture.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

SECTION 1: House Bill 532 amends Articles 4.51(5) and (13) of the Insurance Code to Remove the exclusion of title insurance companies from the Certified Capital Company investment program. The bill modifies the definitions of "certified investor" and "state premium tax liability" to allow title insurance companies that pay a premium tax in Texas to participate in the CAPCO program.

SECTION 2: Amends section 2551.151, Insurance Code by adding Subsection (g) allowing a title insurance company to invest in a certified capital company.

SECTION 3: Effective Date

### **EFFECTIVE DATE**

This Act takes effect September 1, 2005.