

BILL ANALYSIS

C.S.H.B. 2972
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note that when cotton is exported, it must be insured to guarantee that a purchaser will be made whole if the received cotton is damaged. The insurance is attached to the bale and is transferred as the bale is sold, and the coverage is continuous from the date it is written until the cotton is delivered to the purchaser. The parties contend that certain taxes should therefore not apply to premiums for policies covering certain stored or in-transit baled cotton. C.S.H.B. 2972 seeks to address this concern.

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

C.S.H.B. 2972 amends the Insurance Code to exempt premiums on risks or exposures under ocean marine insurance coverage of stored or in-transit baled cotton for export from the surplus lines insurance premium tax.

EFFECTIVE DATE

January 1, 2014.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2972 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Section 225.004, Insurance Code, is amended by adding Subsection (g) to read as follows: (g) Premiums on risks or exposures on policies covering stored or in-transit baled cotton for export are not subject to the tax imposed by this chapter.	SECTION 1. Section 225.004, Insurance Code, is amended by adding Subsection (g) to read as follows: (g) Premiums on risks or exposures under ocean marine insurance coverage of stored or in-transit baled cotton for export are not subject to the tax imposed by this chapter.
SECTION 2. Section 226.003(g), Insurance Code, is amended to read as follows: (g) The following premiums are not subject to the tax imposed by this subchapter:	No equivalent provision.

- (1) premiums on insurance procured by a licensed surplus lines agent from an eligible surplus lines insurer as defined by Chapter 981 on which premium tax is paid in accordance with Chapter 225;
- (2) premiums on an independently procured contract of insurance on which premium tax is paid in accordance with Subchapter B; ~~and~~
- (3) premiums on a contract of insurance written by an insurer that holds a certificate of authority in this state and that is authorized to write the contract; and
- (4) premiums on risks or exposures on policies covering stored or in-transit baled cotton for export.

SECTION 3. Section 226.053, Insurance Code, is amended by adding Subsection (e) to read as follows:

(e) Premiums on risks or exposures on policies covering stored or in-transit baled cotton for export are not subject to the tax imposed by this subchapter.

SECTION 4. The change in law made by this Act does not affect tax liability accruing before the effective date of this Act. That liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 5. This Act takes effect January 1, 2014.

No equivalent provision.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.