

BILL ANALYSIS

Senate Research Center

S.B. 1665
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2011, the Texas Legislature passed S.B. 1291, which established a self-directed budget for the examinations and actuarial divisions of the Texas Department of Insurance (TDI). In part, this established an account in the Texas Safekeeping Trust Company to pay defined TDI examination costs. The intent of this legislation was to ensure that only TDI's self-directed budget was used to fund these defined examination costs. Furthermore, S.B. 1291 expressly stated that TDI's regular operating account may not directly or indirectly incur examination costs.

S.B. 1, the General Appropriations Act of the 83rd Legislature, requires TDI to use its operating account to reimburse the comptroller of public accounts of the State of Texas \$10,000,000 in fiscal year 2015 for certain premium tax credits relating to examination costs. In effect, this requires that TDI use its operating account to indirectly pay for examination costs that are shifted to the state as a result of these premium tax credits. This requirement directly conflicts with statute prohibiting TDI's operating account from incurring examination costs. Moreover, TDI has no mechanism to reimburse its operating account through the self-directed budget established by S.B. 1291.

S.B. 1665 remedies this situation by adding explicit language to the Insurance Code allowing TDI's self-directed budget to fund the reimbursement of premium tax credits for examination costs and examination overhead assessments. S.B. 1665 also provides TDI with authority to transfer certain funds from TDI's self-directed budget to TDI's operating account fund.

S.B. 1665 amends current law relating to the deposit of assessments and fees collected for examination expenses.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 401.156, Insurance Code, as follows:

Sec. 401.156. DEPOSIT AND USE OF ASSESSMENT AND FEE. (a) Requires the Texas Department of Insurance (TDI) to deposit any assessments or fees collected under this subchapter relating to the examination of insurers and other regulated entities by the financial examinations division or actuarial division, as those terms are defined by Section 401.251 (Definitions), to the credit of an account with the Texas Treasury Safekeeping Trust Company to be used exclusively to pay examination costs, as defined by Section 401.251, reimbursement of TDI operating account for administrative support costs, and reimbursement of premium tax credits for examination costs and examination overhead assessments. Deletes existing text providing that money deposited under this subsection accumulates and is authorized to be disbursed to TDI in a manner consistent with Subchapter F (Self-Directed Budget for Certain Divisions).

(b) Provides that money deposited under Subsection (a) accumulates and is authorized to be disbursed to TDI in a manner consistent with that subsection and Subchapter F.

(c) Redesignates existing Subsection (b) as Subsection (c). Makes no further change to this subsection.

(d) Redesignates existing Subsection (c) as Subsection (d). Makes no further change to this subsection.

(e) Redesignates existing Subsection (d) as Subsection (e). Provides that this subsection does not authorize a disbursement or transfer of funds in a manner that is inconsistent with the purpose of Subchapter F and this section.

SECTION 2. Effective date: upon passage or September 1, 2013.