

By: J. Davis of Harris

H.B. No. 865

A BILL TO BE ENTITLED

AN ACT

relating to removing the single nonprofit trust requirement for certain insurance premium tax exemptions; affecting certain taxes.

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

SECTION 1. Section 222.002(c), Insurance Code, is amended to read as follows:

(c) The following are not included in determining an insurer's taxable gross premiums or a health maintenance organization's taxable gross revenues:

(1) returned premiums or revenues;

(2) dividends applied to purchase paid-up additions to insurance or to shorten the endowment or premium payment period;

(3) premiums received from an insurer for reinsurance;

(4) premiums or revenues received from the treasury of the United States for insurance or benefits contracted for by the federal government in accordance with or in furtherance of Title XVIII of the Social Security Act (42 U.S.C. Section 1395c et seq.) and its subsequent amendments;

(5) premiums or revenues paid on group health, accident, and life policies or contracts [~~in which the group covered by the policy or contract consists of a single nonprofit trust~~] established to provide coverage primarily for employees of:

(A) a municipality, county, or hospital district in this state; or

1 (B) a county or municipal hospital, without
2 regard to whether the employees are employees of the county or
3 municipality or of an entity operating the hospital on behalf of the
4 county or municipality; or

5 (6) premiums or revenues excluded by another law of
6 this state.

7 SECTION 2. Section 257.003(b), Insurance Code, is amended
8 to read as follows:

9 (b) The gross premiums on which an assessment is based under
10 this chapter may not include:

11 (1) premiums received from the United States for
12 insurance contracted for by the United States in accordance with
13 or in furtherance of Title XVIII of the Social Security Act (42
14 U.S.C. Section 1395c et seq.) and its subsequent amendments; or

15 (2) premiums paid on group health, accident, and life
16 policies [~~in which the group covered by the policy consists of a~~
17 ~~single nonprofit trust~~] established to provide coverage primarily
18 for employees of:

19 (A) a municipality, county, or hospital district
20 in this state; or

21 (B) a county or municipal hospital, without
22 regard to whether the employees are employees of the county or
23 municipality or of an entity operating the hospital on behalf of the
24 county or municipality.

25 SECTION 3. Section 258.004(b), Insurance Code, is amended
26 to read as follows:

27 (b) The amount of maintenance tax assessed may not be

1 computed based on:

2 (1) enrollees who as individual certificate holders or
3 their dependents are covered by a master group policy paid for by
4 revenues received from the United States for insurance contracted
5 for by the United States in accordance with or in furtherance of
6 Title XVIII of the Social Security Act (42 U.S.C. Section 1395c et
7 seq.) and its subsequent amendments; or

8 (2) revenues paid on group health, accident, and life
9 certificates or contracts [~~in which the group covered by the~~
10 ~~certificate or contract consists of a single nonprofit trust~~]
11 established to provide coverage primarily for employees of:

12 (A) a municipality, county, or hospital district
13 in this state; or

14 (B) a county or municipal hospital, without
15 regard to whether the employees are employees of the county or
16 municipality or of an entity operating the hospital on behalf of the
17 county or municipality.

18 SECTION 4. Section 157.102(a), Local Government Code, is
19 amended to read as follows:

20 (a) The commissioners court of a county that adopts rules
21 under Section 157.101 may require persons participating in the
22 group health and related benefits plan to contribute toward the
23 payment of the plan. The commissioners court may establish a fund
24 to pay for the group health and related benefits. [~~The fund may~~
25 ~~take the form of a single nonprofit trust as described by Section~~
26 ~~222.002(c)(5)(A), Insurance Code.~~]

27 SECTION 5. The change in law made by this Act does not

1 affect tax liability accruing before the effective date of this
2 Act. That liability continues in effect as if this Act had not been
3 enacted, and the former law is continued in effect for the
4 collection of taxes due and for civil and criminal enforcement of
5 the liability for those taxes.

6 SECTION 6. This Act takes effect September 1, 2013.