

By: Eiland

H.B. No. 2717

A BILL TO BE ENTITLED

AN ACT

relating to an insurer that establishes or significantly expands physical operations in this state; authorizing a premium tax credit.

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

SECTION 1. Subtitle B, Title 3, Insurance Code, is amended by adding Chapter 230 to read as follows:

CHAPTER 230. PREMIUM TAX CREDIT FOR ESTABLISHING OR EXPANDING OPERATIONS IN THIS STATE

Sec. 230.001. TAX CREDIT. The commissioner, with the concurrence of the comptroller, may award a premium tax credit to an insurer or other person with premium tax liability under this code, as provided by this chapter, on determination that:

(1) the insurer has established or significantly expanded physical operations in this state; and

(2) the establishment or expansion of operations described by Subdivision (1) has produced a significant economic benefit to this state in the taxable year during which the establishment or expansion occurred.

Sec. 230.002. APPLICABLE TAXES. The tax credit under this chapter may be applied to premium tax liability under Chapter 221, 222, 223, 224, or 225.

Sec. 230.003. APPLICATION. (a) To receive a premium tax credit under this chapter, an insurer must, not earlier than the

1 12th month before or later than the 12th month after the activity  
2 that is the basis of the insurer's eligibility for the credit,  
3 submit an application to the commissioner and to the comptroller  
4 detailing the insurer's establishment or significant expansion of  
5 physical operations in this state, or the insurer's plan to  
6 establish or expand operations in this state, as applicable, that  
7 includes information demonstrating that taxes, fees, and other  
8 sources of revenue to the state associated with the establishment  
9 or expansion will more than offset foregone premium tax revenue  
10 under this chapter. The application must include information about  
11 the new or expanded operations, including:

- 12           (1) the number of new employees hired in this state;  
13           (2) the purchase price or leasing costs, as  
14 applicable, of properties located in this state;  
15           (3) the cost of improvements made to real property  
16 used in the operation of the business in this state;  
17           (4) the anticipated wages paid to residents;  
18           (5) an estimate of all new tax revenues to be paid to  
19 the state or a political subdivision;  
20           (6) other economic benefits to the state directly  
21 related to the new or expanded physical operations; and  
22           (7) any other evidence to be considered in determining  
23 whether to allow the premium tax credit.

24           (b) The commissioner may approve an application under this  
25 section only by an order that contains findings related to the net  
26 anticipated benefit to the state. The order may contain terms that  
27 limit or modify the insurer's plan or that condition the allowance

1 of tax credits on certain subsequent events.

2 (c) An insurer that receives a premium tax credit under this  
3 chapter must submit to the commissioner annual filings that provide  
4 evidence of the insurer's compliance with any conditions provided  
5 by the order allowing the credit.

6 Sec. 230.004. AMOUNT OF PREMIUM TAX CREDIT. (a) An insurer  
7 may apply for a premium tax credit under this chapter in an amount  
8 not to exceed 100 percent of an investment directly related to the  
9 establishment or significant expansion of physical operations in  
10 this state.

11 (b) The credit against state premium tax liability of an  
12 insurer in any one year may not exceed the state premium tax  
13 liability of the insurer for that taxable year.

14 Sec. 230.005. TIME PERIOD; LIMITS. (a) If the commissioner  
15 finds that an insurer qualifies for a premium tax credit under this  
16 chapter, the commissioner may issue an order granting the credit in  
17 the amount allowed under Section 230.004 for the taxable year in  
18 which the premium tax credit was granted.

19 (b) The commissioner may grant to an insurer the premium tax  
20 credit allowed under this chapter for not more than eight taxable  
21 years.

22 (c) Any unused premium tax credit granted for a taxable year  
23 under this chapter may be carried forward by an insurer against  
24 state premium tax liability for not more than seven years.

25 Sec. 230.006. RECAPTURE AND FORFEITURE OF TAX CREDIT. If  
26 the commissioner determines that an insurer has failed to comply  
27 with a condition of the order issued under Section 230.003, the

1 commissioner, after notice and an opportunity for hearing, shall  
2 issue an order requiring:

3 (1) the recapture of the premium tax credits  
4 previously claimed by the insurer; and

5 (2) the forfeiture by the insurer of future premium  
6 tax credits under this chapter.

7 Sec. 230.007. RULES; FORMS. The commissioner shall adopt  
8 rules and forms as necessary to implement this chapter.

9 SECTION 2. As soon as practicable after the effective date  
10 of this Act, the commissioner of insurance shall adopt rules and  
11 forms as required by Section 230.007, Insurance Code, as added by  
12 this Act.

13 SECTION 3. This Act takes effect September 1, 2013.