

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 25, 2013

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1405 by Smithee (Relating to the collection of surplus lines insurance premium taxes for insurance placed with a managing underwriter.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend the Insurance Code relating to the collection of surplus lines insurance premium taxes for insurance placed with a managing underwriter. The bill would allow a managing underwriter to collect, report, and pay any taxes imposed by Chapter 225 of the Insurance Code if the surplus lines agent places an insurance policy with a managing underwriter. The bill would also allow a surplus lines agent and a managing underwriter to enter into an agreement that would allow the surplus lines agent to collect, report, and pay any taxes imposed by Chapter 225 of the Insurance Code. The agreement must be in writing and must be entered into at or before the time of coverage of the policy.

Based on information provided by the Texas Department of Insurance, it is assumed that all duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Based on information provided by the Texas Comptroller of Public Accounts, the bill would have no fiscal impact on the state. However, because insurance premium taxes are collected on a calendar year basis, the bill could cause difficulties for taxpayers and for divisions of the Comptroller's office due to the effective date of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance

LBB Staff: UP, AG, ER