

By: Lucio III

H.B. No. 3630

A BILL TO BE ENTITLED

AN ACT

relating to an insurance premium tax credit for investment in certain communities.

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

SECTION 1. Subtitle B, Title 3, Insurance Code, is amended by adding Chapter 231 to read as follows:

CHAPTER 231. PREMIUM TAX CREDIT FOR INVESTMENT IN CERTAIN COMMUNITIES

Sec. 231.001. GENERAL DEFINITIONS. In this chapter:

(1) "Internal Revenue Code" means the Internal Revenue Code of 1986 in effect on September 1, 2017, excluding any changes made by federal law after that date, but including any regulations adopted under that code that are applicable to the tax year to which the provisions of the code in effect on that date applied.

(2) "State premium tax liability" means any premium tax liability incurred under Chapter 221, 222, 223, 223A, or 224.

(3) "Low-income community," "qualified equity investment," and "qualified low-income community investment" have the meanings assigned by Section 45D, Internal Revenue Code.

Sec. 231.002. DEFINITION: QUALIFIED COMMUNITY DEVELOPMENT ENTITY. In this chapter, "qualified community development entity" has the meaning assigned by Section 45D, Internal Revenue Code, provided that the entity has entered into, for the current year or a prior year with an allocation effective date on or after July 1,

1 2015, an allocation agreement with the Community Development  
2 Financial Institutions Fund of the United States Department of the  
3 Treasury with respect to credits authorized by Section 45D,  
4 Internal Revenue Code, that includes this state in the service area  
5 specified in the allocation agreement. The term includes a  
6 qualified community development entity that is controlled by or  
7 under common control with another qualified community development  
8 entity described by this section.

9 Sec. 231.003. RULES ESTABLISHING CREDIT. (a) The  
10 comptroller, in consultation with the Texas Workforce Commission,  
11 by rule shall establish a credit against state premium tax  
12 liability for entities that make qualified equity investments in  
13 qualified community development entities in this state. The rules  
14 must comply with this section.

15 (b) The purpose of the credit is to promote new job  
16 creation, job retention, and capital investment in economically  
17 distressed and low-income communities.

18 (c) Available credits must be allocated so that an equal  
19 amount of credits are available in connection with qualified  
20 low-income community investments in:

21 (1) rural communities;

22 (2) seaports;

23 (3) educational institutions that provide  
24 prekindergarten, primary education, secondary education, higher  
25 education, and workforce skills training; and

26 (4) distressed metropolitan communities throughout  
27 the state.

1        (d) The amount of the credit in connection with a qualified  
2 equity investment may not exceed 39 percent of the purchase price of  
3 the investment. An entity must be able to claim the entire amount of  
4 the credit in connection with an investment not later than the  
5 seventh anniversary of the date the investment is made.

6        (e) A qualified community development entity must place a  
7 refundable deposit of at least \$500,000 with the state during the  
8 period in which tax credits may be claimed in connection with  
9 qualified equity investments in the entity. An entity that  
10 violates rules under this section is subject to forfeiture of all or  
11 part of the deposit.

12        (f) At least \$300 million in credits must be made available.

13        Sec. 231.004. ELIGIBILITY FOR CREDIT. An entity is  
14 eligible for a credit against the entity's state premium tax  
15 liability in the amount and under the conditions and limitations  
16 provided by rules adopted under Section 231.003.

17        Sec. 231.005. RETALIATORY TAX. An entity claiming a credit  
18 under this chapter is not required to pay any additional  
19 retaliatory tax levied under Chapter 281 as a result of claiming  
20 that credit.

21        SECTION 2. As soon as practicable after this Act becomes law  
22 for purposes of Section 2001.006, Government Code, the comptroller  
23 shall adopt rules under Section 231.003, Insurance Code, as added  
24 by this Act.

25        SECTION 3. This Act applies only to an insurance premium tax  
26 report originally due on or after January 1, 2018.

27        SECTION 4. This Act takes effect immediately if it receives

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1 a vote of two-thirds of all the members elected to each house, as  
2 provided by Section 39, Article III, Texas Constitution. If this  
3 Act does not receive the vote necessary for immediate effect, this  
4 Act takes effect September 1, 2017.