

By: Creighton

S.B. No. 1779

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to premium and maintenance tax credits related to certain  
3 fees paid under the Patient Protection and Affordable Care Act.

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

5 SECTION 1. Chapter 222, Insurance Code, is amended by  
6 adding Section 222.0071 to read as follows:

7 Sec. 222.0071. CREDIT FOR CERTAIN FEDERAL FEES PAID. (a)

8 In this section:

9 (1) "Affordable Care Act" means the Patient Protection  
10 and Affordable Care Act (Pub. L. No. 111-148), as amended by the  
11 Health Care and Education Reconciliation Act of 2010 (Pub. L.  
12 No. 111-152).

13 (2) "Recoupment amount" means the amount of health  
14 insurer provider fees under Section 9010, Affordable Care Act, that  
15 the insurer or health maintenance organization recoups, including  
16 amounts recouped through adjustments to the insurer's premium rate  
17 or the health maintenance organization's formula or method for  
18 computing its schedule of charges, as applicable.

19 (b) An insurer or health maintenance organization is  
20 entitled to a credit on the amount of tax due under this chapter in a  
21 taxable year equal to the amount of the premium tax imposed in that  
22 year on the insurer's or organization's recoupment amount for that  
23 year.

24 (c) The commissioner by rule shall establish formulas to

1 calculate the amount of the credit authorized by Subsection (b),  
2 including a formula to calculate:

3 (1) an insurer's or health maintenance organization's  
4 recoupment amount; and

5 (2) the recoupment amount attributable to an insurer  
6 or health maintenance organization if the fees are imposed on a  
7 controlled group, as defined by Section 9010(c)(3), Affordable Care  
8 Act.

9 SECTION 2. Chapter 257, Insurance Code, is amended by  
10 adding Section 257.005 to read as follows:

11 Sec. 257.005. CREDIT FOR CERTAIN FEDERAL FEES PAID. (a) In  
12 this section:

13 (1) "Affordable Care Act" means the Patient Protection  
14 and Affordable Care Act (Pub. L. No. 111-148), as amended by the  
15 Health Care and Education Reconciliation Act of 2010 (Pub. L.  
16 No. 111-152).

17 (2) "Recoupment amount" means the amount of health  
18 insurer provider fees under Section 9010, Affordable Care Act, that  
19 the insurer recoups, including amounts recouped through  
20 adjustments to the insurer's premium rate.

21 (b) An insurer is entitled to a credit on the amount of tax  
22 due under this chapter in a taxable year equal to the amount of the  
23 premium tax imposed in that year on the insurer's recoupment amount  
24 for that year.

25 (c) The commissioner by rule shall establish formulas to  
26 calculate the amount of the credit authorized by Subsection (b),  
27 including a formula to calculate:

- 1           (1) an insurer's recoupment amount; and  
2           (2) the recoupment amount attributable to an insurer  
3 if the fees are imposed on a controlled group, as defined by Section  
4 9010(c)(3), Affordable Care Act.

5           SECTION 3. The changes in law made by this Act apply only to  
6 a tax liability accruing on or after January 1, 2014.

7           SECTION 4. The comptroller of public accounts and  
8 commissioner of insurance shall adopt rules necessary to implement  
9 the changes in law made by this Act.

10          SECTION 5. This Act takes effect immediately if it receives  
11 a vote of two-thirds of all the members elected to each house, as  
12 provided by Section 39, Article III, Texas Constitution. If this  
13 Act does not receive the vote necessary for immediate effect, this  
14 Act takes effect September 1, 2017.