

BILL ANALYSIS

Senate Research Center

H.B. 2517
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The bill author has informed the committee that, despite their status as nonprofit organizations operating in a residual market, the Texas Windstorm Insurance Association (TWIA) and the Texas FAIR Plan Association pay premium and maintenance taxes, resulting in the entities having less money to direct to the payment of catastrophic losses. The bill author has also informed the committee that exempting these entities from the applicability of the statutes imposing those taxes would reduce the need for their purchase of reinsurance, increase their ability to pay claims, and reduce other operating expenses. H.B. 2517 seeks to exempt TWIA and the Texas FAIR Plan Association from the property and casualty insurance premium tax and the fire and allied lines insurance maintenance tax.

H.B. 2517 amends current law relating to the applicability of premium and maintenance taxes to the Texas Windstorm Insurance Association and Texas FAIR Plan Association.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 221.001(b), Insurance Code, to provide that Chapter 221 (Property and Casualty Insurance Premium Tax) does not apply to certain entities, including the Texas Windstorm Insurance Association (TWIA) or the Texas FAIR Plan Association, and to make nonsubstantive changes.

SECTION 2. Amends Section 252.005, Insurance Code, to provide that Chapter 252 (Fire and Allied Lines Insurance) does not apply to certain entities, including TWIA or the Texas FAIR Plan Association, and to make nonsubstantive changes.

SECTION 3. Provides that the changes in law made by this Act do not affect tax liability accruing before the 2023 calendar year. Provides that the liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for enforcement of the liability for those taxes.

SECTION 4. Effective date: September 1, 2025.