

House Bill 3315
Senate Amendments
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SECTION 1. Section 221.002(b), Insurance Code, is amended to read as follows:

(b) Except as provided by Subsection (c), in determining an insurer's taxable premium receipts, the insurer shall include the total gross amounts of premiums, membership fees, assessments, dues, revenues, and any other considerations for insurance written by the insurer in a calendar year from any kind of insurance written by the insurer on each kind of property or risk ~~[risks]~~ located in this state, including:

- (1) fire insurance;
- (2) ocean marine insurance;
- (3) inland marine insurance;
- (4) accident insurance;
- (5) credit insurance;
- (6) livestock insurance;
- (7) fidelity insurance;
- (8) guaranty insurance;
- (9) surety insurance;
- (10) casualty insurance;
- (11) workers' compensation insurance;
- (12) employers' liability insurance; ~~[and]~~
- (13) crop insurance written by a farm mutual insurance company; and
- (14) home warranty insurance.

SECTION 2. Section 222.002(b), Insurance Code, is amended to read as follows:

(b) Except as otherwise provided by this section, in

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determining an insurer's taxable gross premiums or a health maintenance organization's taxable gross revenues, the insurer or health maintenance organization shall include the total gross amounts of premiums, membership fees, assessments, dues, revenues, and other considerations received by the insurer or health maintenance organization in a calendar year from any kind of health maintenance organization certificate or contract or insurance policy or contract covering risks on individuals or groups ~~[a person]~~ located in this state and arising from the business of a health maintenance organization or the business of life insurance, accident insurance, health insurance, life and accident insurance, life and health insurance, health and accident insurance, life, health, and accident insurance, including variable life insurance, credit life insurance, and credit accident and health insurance for profit or otherwise or for mutual benefit or protection.

SECTION 3. Section 223.003(a), Insurance Code, is amended to read as follows:

(a) An annual tax is imposed on all ~~[each title insurance company that receives]~~ premiums from the business of title insurance. The rate of the tax is 1.35 percent of ~~[the]~~ title insurance ~~[company's]~~ taxable premiums for a calendar year, including any premiums retained by a title insurance agent as provided by Section 223.005. For purposes of this chapter, a person engages in the business of title insurance if the person engages in an activity

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described by Section 2501.005.

SECTION 4. Section 225.004, Insurance Code, is amended by adding Subsection (d-1) to read as follows:

(d-1) Notwithstanding Subsections (b) through (d), the comptroller by rule may establish that all premiums are considered to be on risks located in this state:

(1) if the insured's home office or state of domicile or residence is located in this state; or

(2) to accommodate changes in federal statutes or regulations that would otherwise limit the comptroller's ability to directly collect the taxes due under this section.

Same as House version.

SECTION 5. Section 225.009, Insurance Code, is amended by adding Subsection (c) to read as follows:

(c) The comptroller by rule may change the accrued tax amount for which prepayment is required under Subsection (a) and the prepayment deadline under Subsection (b).

Same as House version.

SECTION 6. Chapter 225, Insurance Code, is amended by adding Section 225.014 to read as follows:

Sec. 225.014. LIMITATION ON RULEMAKING. In adopting rules under this chapter, the comptroller may not adopt a rule that exceeds the requirements of this chapter.

No equivalent provision.

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SECTION 7. Section 226.003, Insurance Code, is amended by adding Subsection (d-1) to read as follows:

(d-1) Notwithstanding Subsections (b) through (d), the comptroller by rule may establish that all premiums are considered to be on risks located in this state:

(1) if the insured's home office or state of domicile or residence is located in this state; or

(2) to accommodate changes in federal statutes or regulations that would otherwise limit the comptroller's ability to directly collect the taxes due under this section.

SECTION 8. Subchapter A, Chapter 226, Insurance Code, is amended by adding Section 226.006 to read as follows:

Sec. 226.006. LIMITATION ON RULEMAKING. In adopting rules under this subchapter, the comptroller may not adopt a rule that exceeds the requirements of this chapter.

SECTION 9. Section 226.053, Insurance Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) Notwithstanding Subsections (a) and (b), the comptroller by rule may establish that all premiums are considered to be on risks located in this state:

(1) if an insured's home office or state of domicile or residence is located in this state; or

(2) to accommodate changes in federal statutes or regulations that would otherwise limit the comptroller's

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No equivalent provision.

Same as House version.

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ability to directly collect the taxes due under this section.

SECTION 10. Subchapter B, Chapter 226, Insurance Code, is amended by adding Section 226.057 to read as follows:

Sec. 226.057. LIMITATION ON RULEMAKING. In adopting rules under this subchapter, the comptroller may not adopt a rule that exceeds the requirements of this chapter.

SECTION 11. Subtitle B, Title 3, Insurance Code, is amended by adding Chapter 228 to read as follows:

CHAPTER 228. COOPERATIVE AGREEMENTS WITH OTHER STATES

Sec. 228.001. DEFINITIONS. In this chapter:

(1) "Agent" includes:

(A) a surplus lines agent, as defined by Section 981.002;

(B) a person licensed as a surplus lines agent by another state; and

(C) any other person who performs the acts of an agent, whether through an oral, written, electronic, or other form of communication, by soliciting, negotiating, procuring, or collecting a premium on an insurance contract.

(2) "Insurer" has the meaning assigned by Section 101.002 and includes:

(A) an insurer that does not hold a certificate of authority in this state;

No equivalent provision.

SECTION 11. Subtitle B, Title 3, Insurance Code, is amended by adding Chapter 228 to read as follows:

CHAPTER 228. COOPERATIVE AGREEMENTS WITH OTHER STATES

Sec. 228.001. DEFINITIONS. In this chapter:

(1) "Agent" includes:

(A) a surplus lines agent, as defined by Section 981.002;

(B) a person licensed as a surplus lines agent by another state; and

(C) any other person who performs the acts of an agent, whether through an oral, written, electronic, or other form of communication, by soliciting, negotiating, procuring, or collecting a premium on an insurance contract.

(2) "Insurer" has the meaning assigned by Section 101.002 and includes:

(A) an insurer that does not hold a certificate of authority in this state;

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(B) an eligible surplus lines insurer; and
(C) an insurer that holds a certificate of authority in this state but performs acts outside the scope of its authority under the certificate.
(3) "Premium" includes:
(A) any consideration for insurance, including:
(i) a premium;
(ii) a membership fee;
(iii) an assessment; and
(iv) dues; or
(B) any other meaning of the term adopted in a cooperative agreement.
(4) "Processing entity" means a processing center or clearinghouse established under a cooperative agreement.
(5) "Stamping office" means the Surplus Lines Stamping Office of Texas or similar stamping offices in other states.
Sec. 228.002. COOPERATIVE AGREEMENTS WITH OTHER STATES. (a) The comptroller may enter into a cooperative agreement, reciprocal agreement, or compact with another state for the collection of insurance premium taxes imposed by Chapters 225 and 226 on a multistate basis. An agreement or amendment of an agreement takes effect according to its terms, except that an agreement or amendment may not take effect until the proposed agreement or amendment is published in the Texas Register.
(b) An agreement may provide for:
(1) determining a base state and multistate allocation of

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(B) an eligible surplus lines insurer; and
(C) an insurer that holds a certificate of authority in this state but performs acts outside the scope of its authority under the certificate.
(3) "Premium" includes:
(A) any consideration for insurance, including:
(i) a premium;
(ii) a membership fee;
(iii) an assessment; and
(iv) dues; or
(B) any other meaning of the term adopted in a cooperative agreement.
(4) "Processing entity" means a processing center or clearinghouse established under a cooperative agreement.
(5) "Stamping office" means the Surplus Lines Stamping Office of Texas or similar stamping offices in other states.
Sec. 228.002. COOPERATIVE AGREEMENTS WITH OTHER STATES. (a) The comptroller may enter into a cooperative agreement, reciprocal agreement, or compact with another state for the collection of insurance premium taxes imposed by Chapters 225 and 226 on a multistate basis. An agreement or amendment of an agreement takes effect according to its terms, except that an agreement or amendment may not take effect until the proposed agreement or amendment is published in the Texas Register.
(b) An agreement may provide for:
(1) determining a base state and multistate allocation of

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insurance premiums;
(2) tax reporting requirements;
(3) audit and refund claim procedures;
(4) exchange of information;
(5) requirements for reporting on a multistate basis;
(6) insurance and tax related terms and definitions;
(7) penalties, fees, administrative costs, and interest rates;
(8) audit assessment and refund claim limitation periods;
(9) procedures for collecting amounts due from agents, insurers, or other persons and for collecting and forwarding the amounts due to the jurisdiction to which the amount is owed;
(10) procedures for verifying refund claims by agents, insurers, or other persons and for collecting those amounts from the jurisdiction owing the refund amount;
(11) the temporary remittal of funds equal to the amounts due to another jurisdiction, subject to appropriation of funds for that purpose; and
(12) other provisions to facilitate the administration of the agreement.
(c) The comptroller may, as required by the terms of an agreement, provide to an officer of another state any information that relates to the solicitation, negotiation, procurement, placement, issuance, receipt, or collection of premiums by an agent, insurer, or other person for an insurance contract or policy that may be subject to the premium taxes imposed by Chapter 225 or 226.
(d) An agreement may provide for each state to audit the records of an agent, insurer, or other person based in this

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insurance premiums;
(2) tax reporting requirements;
(3) audit and refund claim procedures;
(4) exchange of information;
(5) requirements for reporting on a multistate basis;
(6) insurance and tax related terms and definitions;
(7) penalties, fees, administrative costs, and interest rates;
(8) audit assessment and refund claim limitation periods;
(9) procedures for collecting amounts due from agents, insurers, or other persons and for collecting and forwarding the amounts due to the jurisdiction to which the amount is owed;
(10) procedures for verifying refund claims by agents, insurers, or other persons and for collecting those amounts from the jurisdiction owing the refund amount;
(11) the temporary remittal of funds equal to the amounts due to another jurisdiction, subject to appropriation of funds for that purpose; and
(12) other provisions to facilitate the administration of the agreement.
(c) The comptroller may, as required by the terms of an agreement, provide to an officer of another state any information that relates to the solicitation, negotiation, procurement, placement, issuance, receipt, or collection of premiums by an agent, insurer, or other person for an insurance contract or policy that may be subject to the premium taxes imposed by Chapter 225 or 226.
(d) An agreement may provide for each state to audit the records of an agent, insurer, or other person based in this

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state to determine if insurance premium taxes due each state that is a party to the agreement are properly reported and paid. An agreement may provide for each state to forward the findings of an audit performed on an agent, insurer, or other person based in this state to each other state in which the person has an allocation of taxable premiums.

(e) For an agent, insurer, or other person who has an allocation of taxable premiums in this state, the comptroller may use an audit performed by another state that is a party to an agreement with this state to make an assessment of insurance premium taxes against the agent, insurer, or other person. An assessment made by the comptroller under this subsection is prima facie evidence that the amount shown as due is correct.

(f) An agreement entered into under this section does not affect the comptroller's authority to audit any person under any other law.

(g) An agreement entered into under this section prevails over an inconsistent rule of the comptroller. Except as otherwise provided by this section, a statute of this state prevails over an inconsistent provision of an agreement entered into under this section.

(h) The comptroller may segregate in a separate fund or account the amount estimated to be due to other jurisdictions, amounts subject to refund during the fiscal year, fees, and other costs collected under the agreement. On a determination of an amount held that is due to be remitted to another jurisdiction, the comptroller may issue a warrant or make an electronic transfer of the

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state to determine if insurance premium taxes due each state that is a party to the agreement are properly reported and paid. An agreement may provide for each state to forward the findings of an audit performed on an agent, insurer, or other person based in this state to each other state in which the person has an allocation of taxable premiums.

(e) For an agent, insurer, or other person who has an allocation of taxable premiums in this state, the comptroller may use an audit performed by another state that is a party to an agreement with this state to make an assessment of insurance premium taxes against the agent, insurer, or other person. An assessment made by the comptroller under this subsection is prima facie evidence that the amount shown as due is correct.

(f) An agreement entered into under this section does not affect the comptroller's authority to audit any person under any other law.

(g) An agreement entered into under this section prevails over an inconsistent rule of the comptroller. Except as otherwise provided by this section, a statute of this state prevails over an inconsistent provision of an agreement entered into under this section.

(h) The comptroller may segregate in a separate fund or account the amount estimated to be due to other jurisdictions, amounts subject to refund during the fiscal year, fees, and other costs collected under the agreement. On a determination of an amount held that is due to be remitted to another jurisdiction, the comptroller may issue a warrant or make an electronic transfer of the

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amount as necessary to carry out the purposes of the agreement. An auditing cost, membership fee, or other cost associated with the agreement may be paid from interest earned on funds segregated under this subsection. Any interest earnings in excess of the costs associated with the agreement shall be credited to general revenue.

(i) The legislature finds that it is in the public interest to enter into insurance tax and regulatory agreements with other jurisdictions that may provide for the temporary remittal of amounts due other jurisdictions that exceed the amounts collected and for cooperation with other jurisdictions for the collection of taxes imposed by this state under Chapters 225 and 226 and similar taxes imposed under statutes of other jurisdictions on insurance premiums. The comptroller shall ensure that reasonable measures are developed to recover insurance taxes and other amounts due this state during each biennium.

(j) The comptroller may enter into a cooperative agreement, reciprocal agreement, or compact with another state to provide for the collection of taxes imposed by this state and the other states on insurances taxes that may be due the states and this state based on a standardized premium allocation adopted by the states under the agreement. The comptroller may also enter into other cooperative agreements with surplus lines stamping offices located in this state and other states in the reporting and capturing of related tax information. In addition, the comptroller may enter into cooperative

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amount as necessary to carry out the purposes of the agreement. An auditing cost, membership fee, or other cost associated with the agreement may be paid from interest earned on funds segregated under this subsection. Any interest earnings in excess of the costs associated with the agreement shall be credited to general revenue.

(i) The legislature finds that it is in the public interest to enter into insurance tax and regulatory agreements with other jurisdictions that may provide for the temporary remittal of amounts due other jurisdictions that exceed the amounts collected and for cooperation with other jurisdictions for the collection of taxes imposed by this state under Chapters 225 and 226 and similar taxes imposed under statutes of other jurisdictions on insurance premiums. The comptroller shall ensure that reasonable measures are developed to recover insurance taxes and other amounts due this state during each biennium.

(j) The comptroller may enter into a cooperative agreement, reciprocal agreement, or compact with another state to provide for the collection of taxes imposed by this state and the other states on insurances taxes that may be due the states and this state based on a standardized premium allocation adopted by the states under the agreement. The comptroller may also enter into other cooperative agreements with surplus lines stamping offices located in this state and other states in the reporting and capturing of related tax information. In addition, the comptroller may enter into cooperative

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agreements with processing entities located in this state or other states related to the capturing and processing of insurance premium and tax data.

(k) The comptroller may adopt rules as necessary to implement this chapter. In adopting rules under this chapter, the comptroller may not adopt a rule that does not specifically implement this section.

SECTION 12. Section 252.003, Insurance Code, is amended to read as follows:

Sec. 252.003. PREMIUMS SUBJECT TO TAXATION. An insurer shall pay maintenance taxes under this chapter on the correctly reported gross premiums [~~collected~~] from writing insurance in this state against loss or damage by:

- (1) bombardment;
- (2) civil war or commotion;
- (3) cyclone;
- (4) earthquake;
- (5) excess or deficiency of moisture;
- (6) explosion as defined by Article 5.52;
- (7) fire;
- (8) flood;
- (9) frost and freeze;
- (10) hail, including loss by hail on farm crops;
- (11) insurrection;
- (12) invasion;
- (13) lightning;
- (14) military or usurped power;

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agreements with processing entities located in this state or other states related to the capturing and processing of insurance premium and tax data.

(k) The comptroller may adopt rules as necessary to implement this chapter.

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- (15) an order of a civil authority made to prevent the spread of a conflagration, epidemic, or catastrophe;
- (16) rain;
- (17) riot;
- (18) the rising of the waters of the ocean or its tributaries;
- (19) smoke or smudge;
- (20) strike or lockout;
- (21) tornado;
- (22) vandalism or malicious mischief;
- (23) volcanic eruption;
- (24) water or other fluid or substance resulting from the breakage or leakage of sprinklers, pumps, or other apparatus erected for extinguishing fires, water pipes, or other conduits or containers;
- (25) weather or climatic conditions; [øø]
- (26) windstorm;
- (27) an event covered under a home warranty insurance policy; or
- (28) an event covered under an inland marine insurance policy.

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SECTION 13. Section 254.003, Insurance Code, is amended to read as follows:
Sec. 254.003. **PREMIUMS SUBJECT TO TAXATION.**
An insurer shall pay maintenance taxes under this chapter on the correctly reported gross premiums from writing motor vehicle insurance in this state, including personal and commercial automobile insurance.

Same as House version.

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SECTION 14. Section 257.001, Insurance Code, is amended to read as follows:

Sec. 257.001. MAINTENANCE TAX IMPOSED. (a) A maintenance tax is imposed on each authorized insurer, including a group hospital service corporation, managed care organization, local mutual aid association, statewide mutual assessment company, stipulated premium company, and stock or mutual insurance company, that collects from residents of this state gross premiums or gross considerations subject to taxation under Section 257.003. The tax required by this chapter is in addition to other taxes imposed that are not in conflict with this chapter.

(b) In this section, "managed care organization" means an organization authorized under this code to engage in the business of issuing health benefit plans that is not authorized as a health maintenance organization, preferred provider organization, or insurance company and the taxation of which is not preempted by federal law.

Same as House version.

SECTION 15. Section 271.002(a), Insurance Code, is amended to read as follows:

(a) A maintenance fee is imposed on all ~~each insurer with gross~~ premiums subject to assessment under Section 271.006.

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SECTION 16. Subchapter A, Chapter 281, Insurance Code, is amended by adding Section 281.008 to read as follows:

Sec. 281.008. RECIPROCITY AGREEMENTS. The comptroller by rule may enter into a reciprocity agreement with another state under which the parties agree to mutually set aside retaliatory provisions in situations in which this state and the other state determine that retaliation is not the preferred approach to protect their domestic insurers from excessive taxation or other financial obligations. In adopting rules under this section, the comptroller may not adopt a rule that does not specifically implement this section.

SECTION 17. Section 401.151(e), Insurance Code, is amended to read as follows:

(e) The amount of all examination and evaluation fees paid to the state by an insurer in each taxable year shall be allowed as a credit on the amount of premium taxes due [~~under this subchapter~~].

SECTION 18. Section 401.154, Insurance Code, is amended to read as follows:

Sec. 401.154. TAX CREDIT AUTHORIZED. An insurer is entitled to a credit on the amount of premium [~~or other~~] taxes to be paid by the insurer for all examination fees paid under Section 401.153. The insurer may take the credit for the taxable year during

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SECTION 16. Subchapter A, Chapter 281, Insurance Code, is amended by adding Section 281.008 to read as follows:

Sec. 281.008. RECIPROCITY AGREEMENTS. The comptroller by rule may enter into a reciprocity agreement with another state under which the parties agree to mutually set aside retaliatory provisions in situations in which this state and the other state determine that retaliation is not the preferred approach to protect their domestic insurers from excessive taxation or other financial obligations.

Same as House version.

Same as House version.

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which the examination fees are paid and may take the credit to the same extent the insurer may take a credit for examination fees paid when a salaried department examiner conducts the examination.

SECTION 19. Section 1502.053, Insurance Code, is amended to read as follows:

Same as House version.

Sec. 1502.053. EXEMPTION FROM CERTAIN TAXES. (a) The issuer of a children's health benefit plan approved under Section 1502.051 is not subject to the premium tax or the tax on revenues imposed under Chapter 222 with respect to money received for coverage provided under that plan.

(b) The issuer of a children's health benefit plan approved under Section 1502.051 is not subject to the retaliatory tax imposed under Chapter 281 with respect to money received for coverage provided under that plan.

SECTION 20. Section 2210.058(c), Insurance Code, is amended to read as follows:

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(c) An insurer may credit an amount paid in accordance with Subsection (a)(4) in a calendar year against the insurer's premium tax under Chapter 221. The tax credit authorized under this subsection shall be allowed at a rate not to exceed 20 percent per year for five or more successive years beginning [following] the calendar year that the assessments under this section are paid [of payment of the claims]. The balance of payments made

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by the insurer and not claimed as a premium tax credit may be reflected in the books and records of the insurer as an admitted asset of the insurer for all purposes, including exhibition in an annual statement under Section 862.001.

No equivalent provision.

No equivalent provision.

No equivalent provision.

SECTION 21. (a) Article 4.11A, Insurance Code, is repealed.
(b) Section 281.006(a), Insurance Code, is repealed.

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SECTION __. Section 2007.002, Insurance Code, is amended to read as follows:
Sec. 2007.002. ASSESSMENT. The comptroller shall assess against all insurers to which this chapter applies a combined total of \$30 [~~\$15~~] million for each 12-month period.

SECTION __. Section 2007.009, Insurance Code, is repealed.

SECTION __. Section 2007.002, Insurance Code, as amended by this Act, does not apply to an assessment under Section 2007.004, Insurance Code, that is made by the comptroller on or before September 1, 2007.

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SECTION 22. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2007.

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