

**House File 2121 - Introduced**

HOUSE FILE 2121  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 535)

**A BILL FOR**

1 An Act relating to the taxation of captive companies, and  
2 including effective date provisions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 432.1A, subsection 2, paragraph c, Code  
2 2024, is amended to read as follows:

3 c. The amount of reinsurance tax due from a captive company  
4 under paragraph "a" shall be calculated as follows:

5 (1) ~~Two-tenths~~ Two hundred thousandths of one percent on the  
6 first twenty million dollars of assumed reinsurance premiums  
7 written.

8 (2) ~~One-eighth~~ One hundred twenty-five thousandths of one  
9 percent on the twenty million dollars of assumed reinsurance  
10 premiums ~~collected~~ written after the first twenty million  
11 dollars of assumed reinsurance premiums ~~collected~~ written under  
12 subparagraph (1).

13 (3) ~~Five~~ Forty-five thousandths of one percent on each  
14 ~~dollar~~ the twenty million dollars of assumed reinsurance  
15 premiums ~~collected~~ written after the twenty million dollars  
16 ~~collected~~ written under subparagraph (1) and the twenty million  
17 dollars ~~collected~~ written under subparagraph (2).

18 (4) Twenty thousandths of one percent of each dollar of  
19 assumed reinsurance premiums written after the twenty million  
20 dollars written under subparagraph (1), the twenty million  
21 dollars written under subparagraph (2), and the twenty million  
22 dollars written under subparagraph (3).

23 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate  
24 importance, takes effect upon enactment.

25 EXPLANATION

26 The inclusion of this explanation does not constitute agreement with  
27 the explanation's substance by the members of the general assembly.

28 This bill relates to the calculation of the amount of  
29 reinsurance tax (tax) due from a captive company.

30 The bill changes the amount of tax due from a captive company  
31 on the first \$20 million of assumed reinsurance premiums  
32 from two-tenths of 1 percent to two hundred thousandths of 1  
33 percent; the amount of tax due on the \$20 million of assumed  
34 reinsurance premiums written after the first \$20 million of  
35 assumed reinsurance premiums are written from one-eighth

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1 of 1 percent to one hundred twenty-five thousandths of 1  
2 percent; and the amount of tax due on each dollar of assumed  
3 reinsurance premiums written after the first \$40 million of  
4 assumed reinsurance premiums from 5 percent on each dollar to  
5 forty-five thousandths of 1 percent.

6 The bill creates a new tier of reinsurance tax due on each  
7 dollar of assumed reinsurance premiums after the first \$60  
8 million of assumed reinsurance premiums in the amount of twenty  
9 thousandths of 1 percent of each dollar.

10 The bill takes effect upon enactment.