

Senate File 2397 - Introduced

SENATE FILE 2397

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3002)

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

1 one-eighth of 1 percent to one hundred twenty-five thousandths
2 of 1 percent; and the amount of tax due on each dollar of
3 assumed reinsurance premiums written after the first \$40
4 million of assumed reinsurance premiums from 5 percent on each
5 dollar to 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 written after the first
8 \$60 million of assumed reinsurance premiums written in the
9 amount of twenty thousandths of 1 percent of each dollar.

10 The bill takes effect upon enactment.