

Senate Study Bill 3002 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
INSURANCE AND FINANCIAL
SERVICES BILL)

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

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

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

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

23 EXPLANATION

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

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

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

1 reinsurance premiums collected after the first \$40 million of
2 assumed reinsurance premiums from 5 percent on each dollar to
3 forty-five thousandths of 1 percent.

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

8 The bill takes effect upon enactment.