

BILL ANALYSIS

Senate Research Center
83R24493 SCL-D

H.B. 2972
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Finance
5/15/2013
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties note that when cotton is exported, it must be insured to guarantee that a purchaser will be made whole if the received cotton is damaged. The insurance is attached to the bale and is transferred as the bale is sold, and the coverage is continuous from the date it is written until the cotton is delivered to the purchaser. The parties contend that certain taxes should therefore not apply to premiums for policies covering certain stored or in-transit baled cotton.

H.B. 2972 amends current law relating to exempting premiums for certain insurance covering stored or in-transit baled cotton from surplus lines insurance premium taxes.

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 225.004, Insurance Code, by adding Subsection (g), to exempt premiums on risks or exposures under ocean marine insurance coverage of stored or in-transit baled cotton for export from the tax imposed by this chapter.

SECTION 2. Provides that the change in law made by this Act does not affect tax liability accruing before the effective date of this Act. Provides that tax liability accruing before the effective date of this Act 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 civil and criminal enforcement of the liability for those taxes.

SECTION 3. Effective date: January 1, 2014.