

BILL ANALYSIS

Senate Research Center

H.B. 1841
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Consumers in Texas, interested parties note, are taxed for the use of adjusting services to resolve a claim for property damage under an insurance policy. According to the parties, this tax is not evenly applied since consumers do not pay sales tax when purchasing an insurance policy for property coverage nor when engaging the services of a lawyer to resolve an insurance claim on their behalf. The parties suggest that public insurance adjusters are a cost-effective alternative to litigation and typically yield positive results for the policyholders they represent. Despite this, the parties continue, policyholders are being taxed for the services public insurance adjusters provide during times of loss, which has the effect of penalizing policyholders when they can least afford it. H.B. 1841 seeks to address this issue.

H.B. 1841 amends current law relating to the applicability of the sales and use tax to certain insurance services.

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 151.0039, Tax Code, as follows:

Sec. 151.0039. "INSURANCE SERVICE". (a) Creates an exception under Subsection (b) and makes no further change to this subsection.

(b) Redefines "insurance service" to provide that the term does not include a service performed on behalf of an insured by a person licensed under Chapter 4102 (Public Insurance Adjusters), Insurance Code, or a service provided by a person certified as a public accountant under Chapter 901 (Accountants), Occupations Code.

SECTION 2. Provides that the change in law made by this Act does not affect taxes imposed before the effective date of this Act, and the law in effect before the effective date of this Act is continued in effect for purposes of the liability for and collection of those taxes.

SECTION 3. Effective date: October 1, 2015.