

- SUBJECT:** Exempting baled cotton from insurance premium taxes
- COMMITTEE:** Ways and Means — committee substitute recommended
- VOTE:** 7 ayes — Hilderbran, Otto, Bohac, Button, N. Gonzalez, Ritter, Strama
0 nays
2 absent — Eiland, Martinez Fischer
- WITNESSES:** For — Adina Christian, Ryan LLC; (*Registered, but did not testify:*
Stephanie Gibson, Ryan and Company)

Against — None
- BACKGROUND:** Insurance Code, sec. 225.004 provides that surplus lines insurance premiums are taxed at a rate of 4.85 percent of the gross premiums.

When surplus lines insurance is written to cover baled cotton intended for export, surplus lines tax is due from customers and is collected by insurance agents in the same way sales tax is collected by sellers. This tax is added to the cost of the cotton and makes Texas cotton less competitive in international markets.
- DIGEST:** HB 2972 would amend Insurance Code, sec. 225.004 by exempting premiums on stored or in-transit for export baled cotton from the surplus lines insurance premium taxes.

The bill would take effect January 1, 2014, and would affect tax liability occurring on or after that date.