

BILL ANALYSIS

Senate Research Center
79R2298 PB-D

H.B. 532
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The 77th Legislature, Regular Session, 2001, created the Certified Capital Company (CAPCO) investment program to encourage business investment in Texas. CAPCOs are state-regulated, privately owned investment companies that focus on small and early stage businesses operating in Texas.

Under the initial legislation, all companies subject to a premium tax in Texas were eligible to participate in the CAPCO program. At the time, title insurance companies were excluded from the bill due to unresolved tax litigation in several western states. These issues have since been resolved. H.B. 532 reinstates title insurance companies that pay a premium tax in Texas as eligible for the CAPCO program. Regulated premium tax credits will encourage insurance company investment because insurance companies typically have available capital. By allowing eligible title companies to participate in the CAPCO investment program, H.B. 532 is designed to encourage small business growth and job creation in Texas.

The original CAPCO statute was amended in 2003, postponing any tax credit recovery until 2009. The Office of the Comptroller of Public Accounts issues CAPCO operating rules and must certify that money is available before any CAPCO tax credits are claimed. Current law indemnifies the state from any loss by premium tax credit forfeiture.

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 Articles 4.51(5) and (13), Insurance Code, to redefine "certified investor" and "state premium tax liability."

SECTION 2. Amends Section 2551.151, Insurance Code, as effective April 1, 2005, by adding Subsection (g), to authorize a title insurance company to invest in a certified capital company in the manner provided by Subchapter B, Chapter 4.

SECTION 3. Effective date: September 1, 2005.