



Legislative  
Council Staff

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**FISCAL NOTE**

**Drafting Number:** LLS 20B-0054  
**Prime Sponsors:** Rep. Arndt

**Date:** November 30, 2020  
**Bill Status:** House Finance  
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**Bill Topic:** **INSURANCE PREMIUM TAX PAYMENTS & CREDITS**

**Summary of Fiscal Impact:**

|   |  |
|---|--|
| <input checked="" type="checkbox"/> State Revenue     | <input type="checkbox"/> TABOR Refund            |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government        |
| <input type="checkbox"/> State Transfer               | <input type="checkbox"/> Statutory Public Entity |

The bill makes several changes to how insurance premium estimated taxes are paid. It will impact the timing of state revenue receipt and increase state workload beginning in FY 2020-21.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** This fiscal note reflects the introduced bill.

**Summary of Legislation**

The bill makes several changes to how insurance premium estimated taxes are paid. Specifically, the bill:

- adjusts how calendar quarter estimates are calculated. Under current law, insurance companies are required to make quarterly estimated payments of at least one-fourth of either the total tax paid during the preceding calendar year or eighty percent of the actual quarterly tax for the current calendar year, whichever is greater. The bill changes it to the lesser of the two payments.
- allows each calendar quarterly estimate payment to include adjustments for any previous calendar quarter estimates of taxes including tax credits. Under current law, adjustments can only be made in the first calendar quarter;
- allows a company that has overpaid on its estimated premium tax liability to either apply the overpayment to future estimated payments or claim a refund; except that the company may not claim a refund for any overpayment that is due to claiming a nonrefundable tax credit, and;
- clarifies the transfer of small business recovery tax credits among affiliates.

**State Revenue**

This bill is not expected to affect the amount of insurance premium taxes paid, but may impact the timing of General Fund collections. The bill does not change the total amount of taxes owed by an insurance company, but modifies the minimum amount of quarterly estimated payment due and the timing of when the taxpayer may make current adjustments to their tax return. The bill does not change the amount of business recovery credits that can be claimed or transferred, but when the taxpayer may claim them. The changes may make it easier for taxpayers to more accurately estimate the amount of taxes owed, and may result in a decrease of the required amount of insurance premium tax refunds from future years.

**State Expenditures**

The Division of Insurance within the Colorado Department of Regulatory Agencies administers the Insurance Premium Tax. The bill is expected to increase workload for the division, but can perform the workload with existing appropriations.

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State and Local Government Contacts**

Economic Development  
Local Affairs  
Revenue

Higher Education  
Personnel

Information Technology  
Regulatory Agencies