



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

Bill 6

FISCAL NOTE

Drafting Number: LLS 20-0229
Prime Sponsors:

Date: October 24, 2019
Bill Status: Bill Request
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Bill Topic: CROP HAIL INSURANCE PREMIUM EXEMPTION

Summary of Fiscal Impact: **No fiscal impact.** This bill repeals the insurance premium tax exemption for crop hail insurance. The bill does not affect the revenue, expenditures, or workload of any state agency.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the bill draft as requested by the Tax Expenditure Evaluation Interim Study Committee.

Summary of Legislation

Under current law, mutual protective associations that operate on an advanced premium basis and only sell crop insurance are exempt from paying the insurance premium tax on the portion of the insurance premium they collect which are designated to their loss fund. The bill repeals this insurance premium tax exemption.

Background

Under current law, insurance companies in Colorado pay a premium tax on the amount they collect for insuring in-state property or risks, which includes crops. According to the Office of the State Auditor, no mutual protective associations that only issue crop hail insurance exist in Colorado. A recent evaluation of the deduction by the Office of the State Auditor can be found here: https://leg.colorado.gov/sites/default/files/2018-te2_crop_hail_insurance_premium_tax_exemption.pdf

Assessment of No Fiscal Impact

This bill is assessed as having no fiscal impact. Given that no taxpayers are currently eligible to claim the deduction and that no companies currently exist that meet the deduction's requirements, the deduction is obsolete. The bill does not affect the revenue, expenditures, or workload of any state or local government entity.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Information Technology
Revenue

Personnel
State Auditor

Regulatory Agencies