

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

DRAFT
10.1.21

BILL 4

LLS NO. 22-0164.01 Christy Chase x2008

INTERIM COMMITTEE BILL

Legislative Oversight Committee Concerning Tax Policy

BILL TOPIC: "Reduce Surplus Lines Insurance Premium Tax Rate"

A BILL FOR AN ACT

101 **CONCERNING A REDUCTION IN THE TAX RATE IMPOSED ON SURPLUS**
102 **LINES INSURANCE PREMIUMS TO MATCH THE TAX RATE IMPOSED**
103 **ON UNAUTHORIZED INSURANCE PREMIUMS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Legislative Oversight Committee Concerning Tax Policy.
Under current law, the tax rate imposed on unauthorized insurance premiums is 2.25%, and the tax rate imposed on surplus lines insurance premiums is 3%. The bill reduces the surplus lines premium tax rate to 2.25% to match the unauthorized insurance premium tax rate.

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 10-5-111.5, **amend**
3 (1) as follows:

4 **10-5-111.5. Allocation of premium tax.** (1) In determining the
5 amount of tax payable to Colorado, the entire amount of tax payable at a
6 rate of ~~three~~ TWO AND ONE-FOURTH percent on the net premiums is
7 presumed to be owed to Colorado; except that, for those multistate risks
8 involving states that have entered into either a compact or a tax-sharing
9 agreement with Colorado to share the tax, the premium tax rate and the
10 amounts allocated to the other states are subject to determination
11 according to the terms of the compact or agreement.

12 **SECTION 2. Effective date - applicability.** This act takes effect
13 upon passage and applies to premium taxes that are due and collected on
14 or after said date.

15 **SECTION 3. Safety clause.** The general assembly hereby finds,
16 determines, and declares that this act is necessary for the immediate
17 preservation of the public peace, health, or safety.