

106TH CONGRESS
2D SESSION

S. 3099

To amend the Internal Revenue Code of 1986 to clarify the exemption from tax for small property and casualty insurance companies, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 22, 2000

Mr. GRAMS introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to clarify the exemption from tax for small property and casualty insurance companies, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CLARIFICATION OF EXEMPTION FROM TAX FOR**
4 **SMALL PROPERTY AND CASUALTY INSUR-**
5 **ANCE COMPANIES.**

6 (a) ANTI-ABUSE RULE.—Paragraph (15) of section
7 501(c) of the Internal Revenue Code of 1986 is amended
8 by redesignating subparagraph (C) as subparagraph (D)

1 and by inserting after subparagraph (B) the following new
2 subparagraph:

3 “(C) Subparagraph (A) shall apply only to
4 a company or association which is solely and di-
5 rectly owned by its policyholders and is orga-
6 nized and operates only in 1 State.”

7 (b) PREMIUM LIMITATIONS INCREASED TO REFLECT
8 INFLATION SINCE FIRST IMPOSED.—

9 (1)(A) Subparagraph (A) of section 501(c)(15)
10 of such Code is amended by striking “\$350,000”
11 and inserting “\$531,000”.

12 (B) Paragraph (15) of section 501(c) of such
13 Code is amended by adding at the end the following
14 new subparagraph:

15 “(E) In the case of any taxable year begin-
16 ning in a calendar year after 2000, the
17 \$531,000 amount set forth in subparagraph (A)
18 shall be increased by an amount equal to—

19 “(i) \$531,000, multiplied by

20 “(ii) the cost-of-living adjustment de-
21 termined under section 1(f)(3) for such
22 calendar year by substituting ‘calendar
23 year 1999’ for ‘calendar year 1992’ in sub-
24 paragraph (B) thereof.

1 If the amount as adjusted under the preceding
 2 sentence is not a multiple of \$1,000, such
 3 amount shall be rounded to the next lowest
 4 multiple of \$1,000.”

5 (2)(A) Clause (i) of section 831(b)(2)(A) of
 6 such Code is amended to read as follows:

7 “(i) the net written premiums (or, if
 8 greater, direct written premiums) for the
 9 taxable year exceed the amount applicable
 10 under section 501(c)(15)(A) but do not ex-
 11 ceed \$1,819,000, and”.

12 (B) Paragraph (2) of section 831(b) of such
 13 Code is amended by adding at the end the following
 14 new subparagraph:

15 “(C) INFLATION ADJUSTMENT.—In the
 16 case of any taxable year beginning in a calendar
 17 year after 2000, the \$1,819,000 amount set
 18 forth in subparagraph (A) shall be increased by
 19 an amount equal to—

20 “(i) \$1,819,000, multiplied by

21 “(ii) the cost-of-living adjustment de-
 22 termined under section 1(f)(3) for such
 23 calendar year by substituting ‘calendar
 24 year 1999’ for ‘calendar year 1992’ in sub-
 25 paragraph (B) thereof.

1 If the amount as adjusted under the preceding
2 sentence is not a multiple of \$1,000, such
3 amount shall be rounded to the next lowest
4 multiple of \$1,000.”

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2000.

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