

109TH CONGRESS
1ST SESSION

S. 1553

To amend the Internal Revenue Code of 1986 to enhance tax incentives
for small property and casualty insurance companies.

IN THE SENATE OF THE UNITED STATES

JULY 29, 2005

Mr. BOND 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 enhance
tax incentives for small property and casualty insurance
companies.

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 DEFINITION OF GROSS RE-**
4 **CEIPTS FOR PURPOSES OF DETERMINING**
5 **TAX EXEMPTION OF SMALL PROPERTY AND**
6 **CASUALTY INSURANCE COMPANIES.**

7 (a) IN GENERAL.—Section 501(c)(15) of the Internal
8 Revenue Code is amended by adding at the end the fol-
9 lowing:

1 “(D) For purposes of subparagraph (A),
 2 the term ‘gross receipts’ means the gross
 3 amount received during the taxable year from
 4 the items described in section 834(b) and pre-
 5 miums (including deposits and assessments).”.

6 (b) EFFECTIVE DATE.—The amendment made by
 7 this section shall apply to taxable years beginning after
 8 December 31, 2003.

9 **SEC. 2. INCREASE IN LIMITATION FOR ALTERNATIVE TAX**
 10 **LIABILITY FOR SMALL PROPERTY AND CAS-**
 11 **UALTY INSURANCE COMPANIES.**

12 (a) IN GENERAL.—Clause (i) of section 831(b)(2)(A)
 13 of the Internal Revenue Code of 1986 is amended to read
 14 as follows:

15 “(i) the net written premiums (or, if great-
 16 er, direct written premiums) for the taxable
 17 year do not exceed \$1,971,000, and”.

18 (b) INFLATION ADJUSTMENT.—Paragraph (2) of sec-
 19 tion 831(b) of such Code is amended by adding at the
 20 end the following new subparagraph:

21 “(C) INFLATION ADJUSTMENT.—In the
 22 case of any taxable year beginning in a calendar
 23 year after 2006, the \$1,971,000 amount set
 24 forth in subparagraph (A) shall be increased by
 25 an amount equal to—

1 “(i) \$1,971,000, multiplied by

2 “(ii) the cost-of-living adjustment de-
3 termined under section 1(f)(3) for such
4 calendar year by substituting ‘calendar
5 year 2005’ for ‘calendar year 1992’ in sub-
6 paragraph (B) thereof. If the amount as
7 adjusted under the preceding sentence is
8 not a multiple of \$1,000, such amount
9 shall be rounded to the next lowest mul-
10 tiple of \$1,000.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2005.

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