

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.

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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

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## 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.

