

108TH CONGRESS
1ST SESSION

H. R. 1530

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

IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 2003

Mr. NUSSLE (for himself, Mr. RAMSTAD, Mr. LUCAS of Kentucky, Mr. GREEN of Wisconsin, Mr. GRAVES, and Mr. PAUL) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to clarify the exemption from tax 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. SHORT TITLE.**

4 This Act may be cited as the “Small Insurance Com-
5 pany Inflation Adjustment Act”.

1 **SEC. 2. CLARIFICATION OF EXEMPTION FROM TAX FOR**
2 **SMALL PROPERTY AND CASUALTY INSUR-**
3 **ANCE COMPANIES.**

4 (a) PREMIUM LIMITATIONS INCREASED TO REFLECT
5 INFLATION SINCE FIRST IMPOSED.—

6 (1) INCREASED LIMITATIONS FOR EXEMPTION
7 FROM TAX.—

8 (A) Subparagraph (A) of section
9 501(c)(15) of the Internal Revenue Code of
10 1986 is amended by striking “\$350,000” and
11 inserting “\$575,000”.

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

15 “(D) In the case of any taxable year begin-
16 ning in a calendar year after 2003, the
17 \$575,000 amount set forth in subparagraph (A)
18 shall be increased by an amount equal to—

19 “(i) \$575,000, 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 2002’ for ‘calendar year 1992’ in sub-
24 paragraph (B) thereof.

25 If the amount as adjusted under the preceding
26 sentence is not a multiple of \$1,000, such

1 amount shall be rounded to the next lowest
2 multiple of \$1,000.”.

3 (2) INCREASED LIMITATIONS FOR ALTERNATIVE
4 TAX LIABILITY.—

5 (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 \$1,971,000, and”.

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

15 “(C) INFLATION ADJUSTMENT.—In the
16 case of any taxable year beginning in a calendar
17 year after 2003, the \$1,971,000 amount set
18 forth in subparagraph (A) shall be increased by
19 an amount equal to—

20 “(i) \$1,971,000, 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 2002’ 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 (b) **EFFECTIVE DATE.**—The amendments made by
6 this section shall apply to taxable years beginning after
7 December 31, 2002.

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