

# REVENUE IMPACT OF PROPOSED LEGISLATION

Seventy-Sixth Oregon Legislative Assembly  
2012 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	<b>SB1547 - B</b>
<b>Revenue Area:</b>	<b>Insurance</b>
<b>Economist:</b>	<b>Dae Baek</b>
<b>Date:</b>	<b>2/23/2012</b>

**Measure Description:** Allows the Director of the Department of Consumer and Business Services to authorize captive insurers in Oregon. Stipulates regulatory structures for captive insurers. Requires a captive insurer to pay a non-refundable application fee in obtaining a certificate of authority and annually renewing the certificate. Becomes operative on July 1, 2012.

**Revenue Impact:** Minimal\*

\*A revenue impact of less than \$50,000 per biennium.

**Impact Explanation:** According to the Department of Consumer and Business Services (DCBS), approximately ten captive insurers are anticipated to file to operate in Oregon. Under this bill, a captive insurer is required to pay a non-refundable application fee for a certificate of authority and a non-refundable annual renewal fee to the DCBS in an amount not less than \$5,000 for each fee. The fees a captive insurer pays to the DCBS for obtaining and renewing a certificate of authority are in lieu of any payment of premium assessment on receipt of premium by the captive insurer. The fees may be increased by the DCBS by rule. The impact from these fees is contained in the Fiscal Impact Statement.

Under this bill, the premiums by captive insurers are not subject to premium assessment and there are no retaliatory taxes on these premiums. Incomes of captive insurers will be subject to corporate excise taxes. The net income from a captive insurer will likely show up in a consolidated return of its parent company, which makes it hard to extract information solely related to the captive insurer; however, any change in income is expected to be relatively small.

**Creates, Extends, or Expands Tax Expenditure:**      Yes  No