



Department of Consumer and Business Services

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Before the
Senate Finance and Revenue

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HB 2084

Testimony of
Jeannette Holman, Senior Policy Analyst
Insurance Division
Department of Consumer and Business Services

For the record, my name is Jeannette Holman. I am a Senior Policy Analyst for the Insurance Division of the Department of Consumer and Business Services. With me today are **Lynette Hadley**, Lead Tax Analyst for the Insurance Division, and **Chris Day**, Senior Forecasting Analyst, Central Services Division, DCBS.

We are here today to try to help everyone understand the interrelationship of the gross fire premium tax, the retaliatory tax and Oregon's corporate income tax.

- As a general rule, if the fire premium tax is increased, the revenues to the General Fund are reduced.
- Gross premium tax on fire insurance premiums funds SFM:
 - Paid by all insurers that transact insurance that covers the peril – or risk – of fire
 - Moneys are collected by DCBS and forwarded to the SFM

- Corporate excise tax – an income tax on all businesses in Oregon, including all insurers
 - Credit allowed for amounts paid as fire premium tax (except those who pay only the minimum tax)
 - Deposited into General Fund
- Retaliatory tax
 - Not paid by domestic insurers
 - Paid only by out of state insurers
 - Based on the amount our domestic insurers pay in taxes and fees to other states
 - Goes into General Fund
- At this point, I am going to turn to Lynette and Chris to provide more detail and walk you through the examples that demonstrate the operation of the three taxes and possible impacts from an increase in the SFM fire premium tax.

- Thank you very much.