

SB 171 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Action Date: 02/15/17

Action: Without recommendation as to passage, be referred to Tax Credits by prior reference.

Vote: 5-0-0-0

Yeas: 5 - Baertschiger Jr, Boquist, Hass, Riley, Taylor

Fiscal: No fiscal impact

Revenue: Revenue impact issued

Prepared By: Chris Allanach, Senior Economist

WHAT THE MEASURE DOES:

Moves the sunset date for the Fire Insurance tax credit from January 1, 2018 to January 1, 2024.

ISSUES DISCUSSED:

- Role of the Fire Insurance Premiums Tax
- Funding of the Office of the State Fire Marshall
- Interaction with the retaliatory tax

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Corporations are allowed a tax credit against their corporate income tax for the amount of fire insurance premium tax paid. Roughly 250 to 300 taxpayers claim the credit each year. The total cost averages just under \$4 million per year; however, this estimate does not include the interaction with the retaliatory tax. If such interaction is considered, the annual cost to the General Fund is roughly \$1 to \$1.5 million annually.