

## TAX CREDIT ANALYSIS

<b>Program Name:</b> Missouri Examination Fee and Other Fee Credit	<b>Department:</b> Insurance, Fin. Institutions & Professional Reg.	<b>Date:</b> 12/22/2009
<b>Program Category:</b> Business Recruitment	<b>Type:</b> Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
<b>Statutory Authority:</b> Section 148.400 RSMo.	<b>Applicable Taxes:</b> Missouri Insurance Premium Tax	

**Program Description and Eligibility Requirements:**  
 The Missouri Examination Fee and Other Fee Credit allows the total cost of an examination paid by an insurance company to be taken as a tax credit against premium tax due, as well as any income taxes, franchise taxes, personal property taxes, valuation fees and/or registration fees paid. Premium tax is split between General Revenue and County Foreign or County Stock which are school district funds.

**Explanation of How Award is Computed:** Entitlement  Discretionary \_\_\_\_\_  
 Credit is applied against same year premium tax due. If credit exceeds premium tax due, only excess examination fee credit can be carried forward--up to five years. Carry forward credit is taken against General Revenue portion of premium tax only.

**Program Cap:** Cumulative \$ \_\_\_\_\_ (remainder of cumulative cap) \$ \_\_\_\_\_ Annual \$ \_\_\_\_\_ None

**Explanation of cap:** n/a

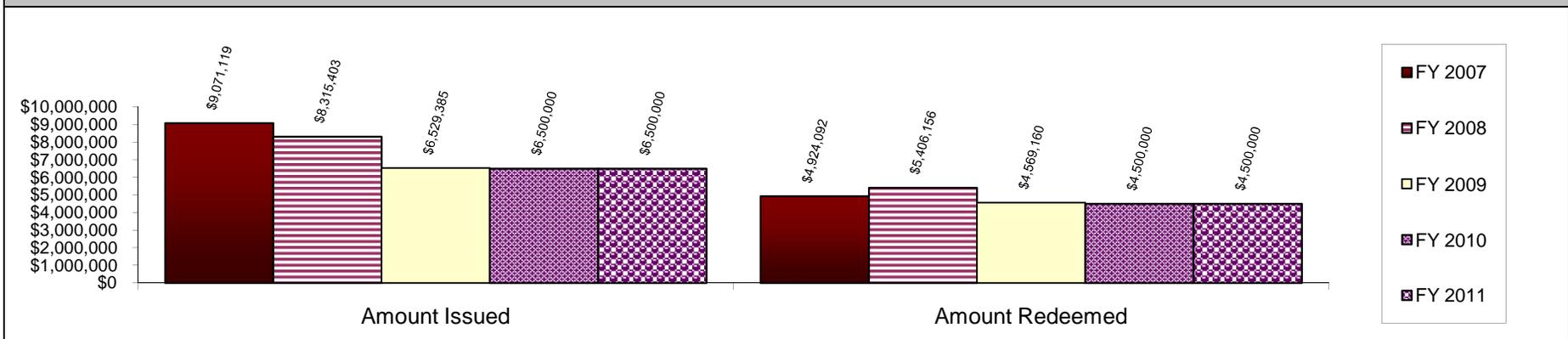
**Explanation of Expiration of Authority:** n/a

**Specific Provisions:** (if applicable)  
 Carry forward  5 years Carry Back \_\_\_\_\_ years Refundable \_\_\_\_\_ Sellable/Assignable \_\_\_\_\_ Additional Federal Deductions Available \_\_\_\_\_

**Comments on Specific Provisions:** Carry forward is taken against General Revenue only. Carry forward began in tax year 2003 per SB 193 (2001) and only applies to the examination fee credit.

	FY 2007 ACTUAL	FY 2008 ACTUAL	FY 2009 ACTUAL	FY 2010 (current year)	FY 2011 (budget year)
Certificates Issued (#)	n/a	n/a	n/a	n/a	n/a
Projects (#)	n/a	n/a	n/a	n/a	n/a
Amount Authorized	n/a	n/a	n/a	n/a	n/a
Amount Issued	\$9,071,119	\$8,315,403	\$6,529,385	\$6,500,000	\$6,500,000
Amount Redeemed	\$4,924,092	\$5,406,156	\$4,569,160	\$4,500,000	\$4,500,000
EST. Amount Outstanding	N/A	N/A	\$10,833,574	N/A	N/A

### HISTORICAL AND PROJECTED INFORMATION



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**Comments on Historical and Projected Information:** Typically only the companies domiciled in Missouri take this credit as it often results in an increase in retaliatory tax of that amount for foreign (non-Missouri based) insurers. This is why only about 35% of examination costs are taken each year in tax credits. Consequently, the department believes most carry-over each year will eventually expire.

**BENEFIT: COST ANALYSIS (includes only state revenue impacts)**

	FY 2009 ACTUAL	Other Fiscal Period (indicated time period)	Derivation of Benefits:
<b>BENEFITS</b>			
Direct Fiscal Benefits			
Indirect Fiscal Benefits			
<b>Total</b>			
<b>COSTS</b>			
Direct Fiscal Costs			
Indirect Fiscal Costs			
<b>Total</b>			
<b>BENEFIT: COST</b>			

**Other Benefits:**  
 The Missouri Examination Fee and Other Fee Credit allows the state to share the burden of the cost of examinations of insurance companies. Missouri is one of five states that allow insurers a tax credit for examination costs. Because of this, however, typically only the companies domiciled in Missouri take this credit as it results in an increase in retaliatory tax of that amount for foreign (non-Missouri based) insurers.

**PERFORMANCE MEASURE(S)**

**N/A**

**Comments on Performance Measure:**