

TAX CREDIT ANALYSIS

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Program Name: Missouri Examination Fee and Other Fee Credit

Department: Insurance, Financial Institutions & Professional Reg. **Contact Name & No.:** Grady Martin 573-751-7223 **Date:** 10/7/11

Program Category: Business Recruitment **Type:** Tax Credit **Other (specify)** _____

Statutory Authority: Chapter 148.400 RSMo. **Applicable Taxes:** 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 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

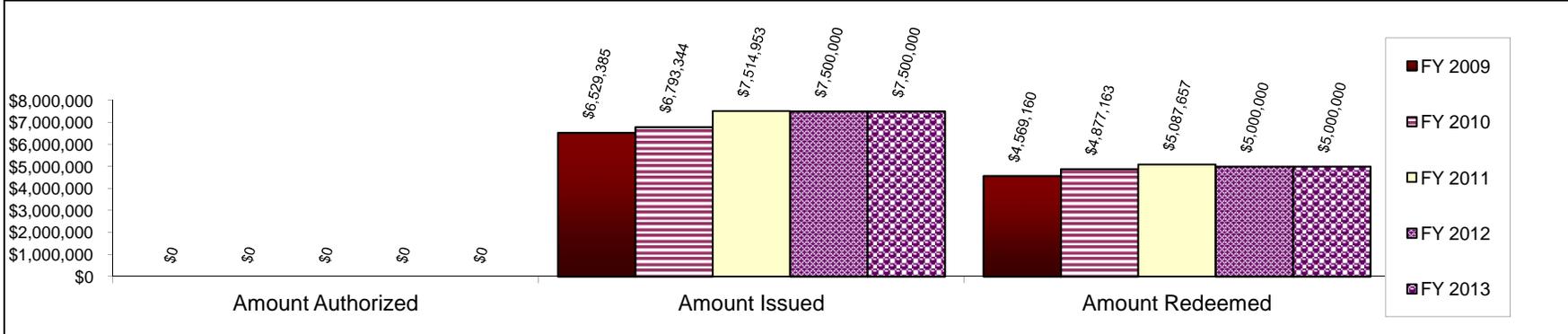
Explanation of Expiration of Authority: n/a

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 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012(current year)	FY 2013 (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	\$6,529,385	\$6,793,344	\$7,514,953	\$7,500,000	\$7,500,000
Amount Redeemed	\$4,569,160	\$4,877,163	\$5,087,657	\$5,000,000	\$5,000,000
EST. Amount Outstanding	N/A	N/A	\$7,791,331	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	N/A	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. Due to this 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 2011 ACTIVITY	Other Fiscal Period (indicated time period)	Derivation of Benefits:
BENEFITS			
Direct Fiscal Benefits			
Indirect Fiscal Benefits			
Total			
COSTS			
Direct Fiscal Costs			
Indirect Fiscal Costs			
Total			
BENEFIT: COST			

Other Benefits:

Under Chapter 148.400, RSMo., insurance companies are permitted a tax credit for the costs of insurance examinations conducted by the department. Examination costs are business expenses that are similar to corporate expenses deducted when calculating income tax. Due to their tax structure, insurers account for operating expenses through a premium tax credit rather than an income tax deduction.

PERFORMANCE MEASURE(S)

Comments on Performance Measure: