

106TH CONGRESS  
2D SESSION

# H. R. 5076

To amend the Internal Revenue Code of 1986 to clarify the exemption from tax for small property and casualty insurance companies, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 27, 2000

Mr. NUSSLE (for himself and Mr. RAMSTAD) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to clarify the exemption from tax for small property and casualty insurance companies, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CLARIFICATION OF EXEMPTION FROM TAX FOR**  
4 **SMALL PROPERTY AND CASUALTY INSUR-**  
5 **ANCE COMPANIES.**

6 (a) ANTI-ABUSE RULE.—Paragraph (15) of section  
7 501(c) of the Internal Revenue Code of 1986 is amended  
8 by redesignating subparagraph (C) as subparagraph (D)

1 and by inserting after subparagraph (B) the following new  
2 subparagraph:

3           “(C) Subparagraph (A) shall apply only to  
4           a company or association which is solely and di-  
5           rectly owned by its policyholders and is orga-  
6           nized and operates only in 1 State.”

7           (b) PREMIUM LIMITATIONS INCREASED TO REFLECT  
8 INFLATION SINCE FIRST IMPOSED.—

9           (1)(A) Subparagraph (A) of section 501(c)(15)  
10          of such Code is amended by striking “\$350,000”  
11          and inserting “\$531,000”.

12          (B) Paragraph (15) of section 501(c) of such  
13          Code is amended by adding at the end the following  
14          new subparagraph:

15               “(E) In the case of any taxable year begin-  
16               ning in a calendar year after 2000, the  
17               \$531,000 amount set forth in subparagraph (A)  
18               shall be increased by an amount equal to—

19                       “(i) \$531,000, multiplied by

20                       “(ii) the cost-of-living adjustment de-  
21                       termined under section 1(f)(3) for such  
22                       calendar year by substituting ‘calendar  
23                       year 1999’ for ‘calendar year 1992’ in sub-  
24                       paragraph (B) thereof.

1           If the amount as adjusted under the preceding  
2           sentence is not a multiple of \$1,000, such  
3           amount shall be rounded to the next lowest  
4           multiple of \$1,000.”

5           (2)(A) Clause (i) of section 831(b)(2)(A) of  
6           such Code is amended to read as follows:

7                   “(i) the net written premiums (or, if  
8                   greater, direct written premiums) for the  
9                   taxable year exceed the amount applicable  
10                  under section 501(c)(15)(A) but do not ex-  
11                  ceed \$1,819,000, and”.

12           (B) Paragraph (2) of section 831(b) of such  
13           Code is amended by adding at the end the following  
14           new subparagraph:

15                   “(C) INFLATION ADJUSTMENT.—In the  
16                   case of any taxable year beginning in a calendar  
17                   year after 2000, the \$1,819,000 amount set  
18                   forth in subparagraph (A) shall be increased by  
19                   an amount equal to—

20                           “(i) \$1,819,000, multiplied by

21                           “(ii) the cost-of-living adjustment de-  
22                           termined under section 1(f)(3) for such  
23                           calendar year by substituting ‘calendar  
24                           year 1999’ for ‘calendar year 1992’ in sub-  
25                           paragraph (B) thereof.

1           If the amount as adjusted under the preceding  
2           sentence is not a multiple of \$1,000, such  
3           amount shall be rounded to the next lowest  
4           multiple of \$1,000.”

5           (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to taxable years beginning after  
7 December 31, 2000.

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