

By Mr. Emilio of Haverhill, petition of Frank A. Emilio relative to the taxation of domestic insurance companies. Taxation.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Six.

AN ACT CONCERNING TAXATION OF DOMESTIC INSURANCE COMPANIES EXCEPT LIFE COMPANIES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. General Laws, Chapter 63, Section 22A, is amend-
2 ed to read as follows: —

3 1. Every domestic insurance company coming within the scope of
4 the definition of a domestic company in Section 1 of Chapter 175,
5 except life insurance companies as defined in Section 118 of said
6 Chapter 175, which are also life insurance companies as defined
7 under subsection (a) of Section 801 of the Federal Internal Code, as
8 amended, and in effect for the taxable year, shall annually pay as
9 part of its excise imposed under this chapter an amount equal to one
10 percent of the Massachusetts portion of its total gross investment
11 income earned during the preceding calendar year as derived from
12 interest, dividends, rents, royalties, and any similar investment
13 income items.

14 2. For the purpose of this section the Massachusetts portion for
15 any company shall be a fraction determined as follows: —

16 a. The numerator shall be all premiums received for insurance or
17 persons, property, or interests in this commonwealth.

18 b. The denominator shall be all premiums received.

19 c. In each case premiums received for reinsurance and return
20 premiums shall be excluded.

21 d. For taxable years ending on or before December 31, 1990, a
22 company's Massachusetts portion shall in no event be less than the
23 percentage indicated in the following table:

<u>Calendar year in which company's taxable year ends</u>	<u>Applicable minimum Massachusetts portion</u>
1986	100%
1987	80%
1988	60%
1989	40%
1990	20%

1 SECTION 2. This act shall apply to taxable years beginning on
2 or after January 1, 1986.