

## **Statement**

### **Insurance Association of Connecticut**

### **Insurance and Real Estate Committee**

February 5, 2013

#### **SB 809, An Act Allowing The Transfers of Tax Credits To Insurance Company Affiliates**

The Insurance Association of Connecticut supports SB 809, An Act Allowing The Transfers Of Tax Credits To Insurance Company Affiliates.

Current state law has established tax credits that businesses may use against certain tax liabilities. Several of those credits may be used by insurers against premium tax liability (chapter 207 of the general statutes).

For example, Connecticut allows a credit against premium tax liability for personal property taxes paid on electronic data processing equipment. The credit was created to encourage businesses to keep EDP equipment, and the associated jobs, in urban areas by reducing the financial impact on businesses of high personal property tax rates in those areas.

Similar to using a common paymaster to pay salaries across all affiliates, most insurers utilize one entity within their affiliate group to purchase and lease assets. The property taxes, upon which the credit is based, are paid by the entity that owns or leases the assets.

Under current law, the credit must be taken by the company that reports and pays the property tax. Unlike other types of businesses, there are no provisions that allow insurers to transfer the credit among affiliates.

SB 809 would allow insurers to transfer earned credits among their affiliates in order to facilitate their use in a more timely manner. SB 809 doesn't create new tax credits, it simply allows insurers to use the credits they have earned more efficiently, in a manner similar to other types of businesses.

IAC urges passage of SB 809.