

HOUSE BILL NO. 1209

Introduced by

Representatives Dorso, Kempenich, Severson

1 A BILL for an Act to create and enact a new subsection to section 26.1-05-19 of the North
2 Dakota Century Code, relating to an insurance company's authorized investment of funds in a
3 North Dakota low-risk incentive fund; to amend and reenact section 26.1-50-06 of the North
4 Dakota Century Code, relating to tax credits available to a North Dakota low-risk incentive fund;
5 and to provide a penalty.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1.** A new subsection to section 26.1-05-19 of the 1997 Supplement to the
8 North Dakota Century Code is created and enacted as follows:

9 Loans, securities, or investments in a North Dakota low-risk incentive fund
10 organized under chapter 26.1-50. The aggregate admitted value of the company's
11 investment under this subsection may not at anytime exceed the lesser of five
12 percent of the company's admitted assets or the amount equal to the company's
13 capital and surplus in excess of the minimum capital and surplus required by law.
14 A company making an investment under this subsection may value at par any
15 investment purchased at par.

16 **SECTION 2. AMENDMENT.** Section 26.1-50-06 of the 1997 Supplement to the North
17 Dakota Century Code is amended and reenacted as follows:

18 **26.1-50-06. Tax credit - Penalty.** If the requirements of this chapter are met, an
19 insurer is entitled to a credit against taxes due under section 26.1-03-17 or 26.1-11-06 as
20 determined under this section. If the insurer is a member of an insurance holding company
21 system, the insurer or any affiliate insurer is entitled to a credit against taxes under section
22 26.1-03-17 or 26.1-11-06 as determined under this section.

- 1 1. An insurer making or participating in a loan under this chapter or an affiliate insurer
2 under this chapter is entitled to a premium tax credit calculated for each calendar
3 year the loan is in place. The amount of the credit is the difference between:
4 a. The participating insurer's share of the interest earned on the loan during the
5 calendar year; and
6 b. The participating insurer's share of an amount of interest that would have
7 been earned during the same period by applying an interest rate, calculated
8 by adding three hundred basis points to a comparable treasury security rate at
9 the date of the issuance of the loan.
- 10 2. The maximum credit allowed an insurer for any calendar year is the amount of
11 interest that would have been earned during the period by applying an interest rate
12 of three hundred basis points. A credit may not be allowed if the interest earned
13 exceeds the interest that would have been earned by applying the calculation in
14 subdivision b of subsection 1.
- 15 3. The credit may not exceed the total amount of the insurer's tax liability under
16 subsection 1 of section 26.1-03-17 and no unused credit may be carried forward.
- 17 4. Credits under this section for all insurers may not exceed seven hundred fifty
18 thousand dollars in a calendar year.