

April 30, 1953

Hon. Fred Niemann, Chairman  
House Committee on Insurance  
53rd Legislature  
Austin, Texas

Letter Opinion No. MS-29

Re: The effect of House  
Bill 514 upon the  
present law.

Dear Mr. Niemann:

You have submitted a request by the House Committee on Insurance for an opinion regarding the validity of House Bill Number 514; specifically you ask the following questions:

"1. Will the enclosed House Bill 514, if passed, accomplish any actual or material change in Article 3.27 of the Insurance Code?

"2. Under the present law, in the event an insurance company returns to Texas for the sole purpose of making loans, are they required to pay gross premiums tax on premiums collected through the mails at their out of state offices during the interval in which they are not doing business in Texas?"

In comparing proposed House Bill 514 with Article 3.27 of the Insurance Code we find the following language added, "provided further, that such companies shall not be required to comply with the provisions of the Insurance Code relative to the gross receipts tax, nor shall said company be required to pay the gross receipts tax provided under the Insurance Code. This exemption, however, shall not apply to the payment of the gross receipts tax otherwise provided by law relating to foreign corporations."

It is our opinion that the language quoted above does not materially change the present Article 3.27 of the Insurance Code. We are advised by the Board of Insurance Commissioners that the departmental construction for a number of years has been that the companies covered by Article 3.27 of the Insurance Code are not required to pay gross premium taxes.

It appears, therefore, that the provision would simply spell out in the Insurance Code the present departmental construction.

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In reply to question Number 2, you are advised that such companies are not required to pay gross premium taxes.

Yours very truly

JOHN BEN SHEPPERD  
Attorney General

By  
V. F. Taylor  
Assistant

VFT:lm:wb