House Bill 410 (AS PASSED HOUSE AND SENATE)
By: Representative Knox of the 24th

A BILL TO BE ENTITLED
AN ACT

To amend Titles 33 and 48 of the Official Code of Georgia Annotated, relating, respectively, to insurance and revenue and taxation, so as to change certain provisions relating to amount and method of computing tax on insurance premiums generally; to provide for an exemption from certain local insurance premium taxes on premiums for certain high deductible health plans; to change certain provisions relating to amount and method of computing certain local insurance premium taxes; to change certain provisions regarding the income tax exclusion for certain premiums for certain high deductible health plans; to change certain provisions regarding the income tax credit for qualified health insurance expenses; to provide for automatic repeal of certain provisions; to provide for an effective date; to provide for applicability; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Title 33 of the Official Code of Georgia Annotated, relating to insurance, is amended by revising subsection (c) of Code Section 33-8-4, relating to amount and method of computing tax on insurance premiums generally, as follows:

"(c) Insurers shall be exempt from otherwise applicable state premium taxes as provided for in subsection (a) of this Code section on premiums paid by Georgia residents for high deductible health plans ~~sold or maintained in connection with a health savings account under the applicable provisions of~~ as defined by Section 223 of the Internal Revenue Code."

SECTION 2.

Said title is further amended in Code Section 33-8-8.1, relating to county and municipal corporation taxes on life insurance companies, by adding a new subsection to read as follows:

"(a.1) Insurers shall be exempt from otherwise applicable local premium taxes as provided for in subsection (b) of this Code section on premiums paid by Georgia residents for high deductible health plans as defined by Section 223 of the Internal Revenue Code. This subsection shall stand repealed in its entirety on January 1, 2015."

SECTION 3.

Said title is further amended by revising subsection (a.1) of Code Section 33-8-8.2, relating to amount and method of computing local insurance premium taxes on insurance companies other than life insurance companies, as follows:

"(a.1) Insurers shall be exempt from otherwise applicable local premium taxes as provided for in subsection (a) of this Code section on premiums paid by Georgia residents for high deductible health plans ~~sold or maintained in connection with a health savings account under the applicable provisions of~~ as defined by Section 223 of the Internal Revenue Code."

SECTION 4.

Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is amended by revising paragraph (13.1) of subsection (a) of Code Section 48-7-27, relating to computation of taxable net income, as follows:

"(13.1) An amount equal to 100 percent of the premium paid by the taxpayer during the taxable year for high deductible health plans ~~established and used with a health savings account under the applicable provisions of~~ as defined by Section 223 of the Internal Revenue Code to the extent the deduction has not been included in federal adjusted gross income, as defined under the Internal Revenue Code of 1986, and the expenses have not been provided from a health reimbursement arrangement and have not been included in itemized nonbusiness deductions;".

SECTION 5.

Said title is further amended by revising paragraphs (1) and (3) of subsection (a) of Code Section 48-7-29.13, relating to tax credit for qualified health insurance expenses, as follows:

"(1) 'Qualified health insurance' means a high deductible health plan as defined by ~~that includes, at a minimum, catastrophic health care coverage which is established and used with a health savings account under the applicable provisions of~~ Section 223 of the Internal Revenue Code."

"(3) 'Taxpayer' means an employer who employs directly, or who pays compensation to individuals whose compensation is reported on Form 1099, 50 or fewer persons and for whom the taxpayer provides high deductible health plans ~~that include, at a minimum,~~

~~catastrophic health care coverage which are established and used with a health savings account under the applicable provisions of~~ as defined by Section 223 of the Internal Revenue Code and in which such employees are enrolled."

SECTION 6.

(a) This Act shall become effective upon its approval by the Governor or upon its becoming law without such approval and shall be applicable to all taxable years beginning on or after January 1, 2009, except as provided in subsection (b) of this section.

(b) Section 2 of this Act shall be applicable to all taxable years beginning on or after January 1, 2010.

SECTION 7.

All laws and parts of laws in conflict with this Act are repealed.