

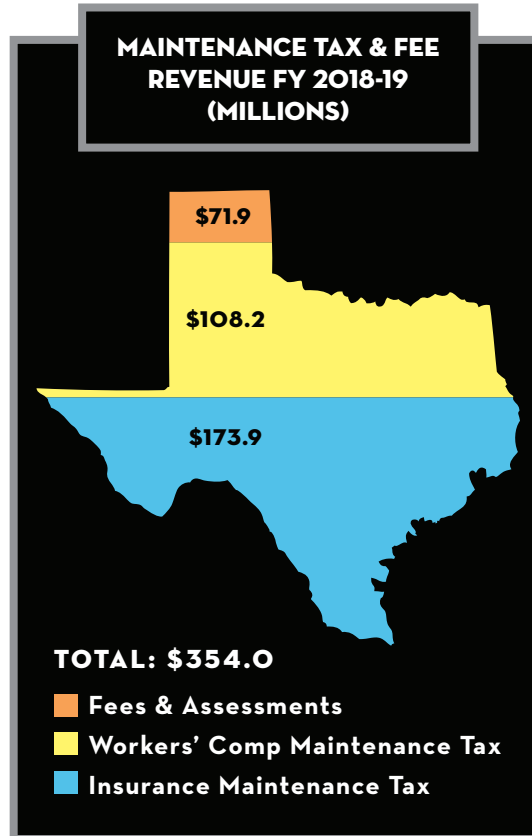


REVENUE

MAINTENANCE TAXES & FEES

Texas collects insurance taxes and related fees and assessments to regulate the insurance industry and to decrease insurance claims. Maintenance taxes and fees are estimated to generate **\$354.0 million** in the 2018-19 biennium. Insurance companies pay maintenance taxes based on the total amount of gross premiums received. The Commissioner of Insurance for the Texas Department of Insurance (TDI) sets the maintenance tax rates each year.¹ Funding is self-leveling, collecting only the revenue needed for appropriations and other indirect costs. In addition, TDI is statutorily authorized to collect user fees, such as insurance company filing fees and agent licensing fees.

Maintenance taxes and fees are deposited into GR and then reallocated to General Revenue-Dedicated TDI Operating Fund Account No. 0036 (GR-D Fund 36). The Legislature appropriates funds from maintenance taxes and fees to TDI and other supporting agencies performing insurance-related activities.



OTHER TAXES & ASSESSMENTS

In addition to maintenance tax and fees, insurance companies also pay premium taxes and assessments for the Office of Public Insurance Counsel (OPIC). Insurance companies pay premium taxes based on the total amount of gross premiums received. Each line of insurance has an annual tax rate.² Premium taxes are deposited into the General Revenue Fund (GR) and are available for general appropriation purposes. Estimated premium tax collections in the 2018-19 biennium are **\$4,997.6 million**.

OPIC is funded by an annual assessment of 5.7 cents for each policy an insurer has in force at the end of the year. Assessments are estimated to be \$5.0 million in 2018-19. OPIC is directly appropriated \$1.7 million of the assessment and the remainder is deposited to GR.

Sources: Texas Department of Insurance; Comptroller of Public Accounts, Certification Revenue Estimate October 2017

SPENDING

Direct appropriations from maintenance tax & fee revenue total **\$287.8 million**. Appropriations include both GR-D Fund 36 and General Revenue-Insurance Companies Maintenance Tax and Insurance Department Fees (GR-Insurance Maintenance Tax). GR-Insurance Maintenance Tax is included in the General Appropriations Act to differentiate workers' compensation maintenance tax and fees from the other eight lines of insurance. While agencies are appropriated funds from GR-Insurance Maintenance Tax, all funds are expended from GR-D Fund 36.

In addition to direct appropriations, GR-D Fund 36 covers proportional shares of other indirect costs including benefits.

STATUTORY REQUIREMENTS

Texas Water Development Board (TWDB) and Comptroller of Public Accounts (CPA) are allocated funds based on statutory requirements from the Texas Insurance Code.

\$6.1 MILLION: TWDB

The CPA is required to allocate the first \$3.05 million of maintenance taxes each year to the floodplain management account administered by TWDB.³ These funds are used for floodplain planning and management.

\$2.2 MILLION: CPA

TDI is required to reimburse the CPA for the administration of the insurance tax collection function.⁴ The CPA will certify the estimated expenses to perform these duties and TDI will transfer this amount to GR annually.

Notes: 1) Texas Insurance Code § 251.001; 2) Texas Insurance Code, Chapter 221-226; 3) Texas Insurance Code § 251.004(b); 4) Texas Insurance Code § 201.052(a-b)

APPROPRIATIONS (TOTAL \$287.8 MILLION)

- \$198.2 MILLION**
Texas Department of Insurance (TDI)
TDI regulates the insurance industry and promotes a stable and competitive insurance market
- \$49.6 MILLION**
Texas A&M Forest Service (TFS)
TFS implements a wildfire protection plan and provides group insurance contributions for TFS employees
- \$17.6 MILLION**
Office of Injured Employee Counsel (OIEC)
OIEC advocates on behalf of injured workers
- \$12.0 MILLION**
Department of State Health Services (DSHS)
DSHS provides immunization services and implements regulatory programs for environmental health
- \$6.8 MILLION**
Office of the Attorney General (OAG)
OAG provides insurance-related legal services
- \$2.1 MILLION**
Texas Facilities Commission (TFC)
TFC pays for TDI utilities
- \$1.5 MILLION**
Texas Department of Transportation (TxDOT)
TxDOT conducts ongoing maintenance of the Crash Records Information System