Florida TaxWatch
BRIEFING

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Repealing the Salary Credit Would Eliminate an Incentive for Insurance Companies to Create Jobs and Invest in Florida

Burden for the $315 Million Tax Increase Will be Borne by Consumers

For at least the last 60 years, Florida's tax policy has provided a clear preference to insurance companies that had a presence in Florida. Since 1988, that preference has been in the form of a credit against a company's insurance premium taxes of 15 percent of the salaries paid to Florida-based employees. This preference helps to promote the insurance industry in Florida, a desirable, clean industry with relatively high-paying jobs.

The 2017 Legislature is considering SB 378, a bill that would eliminate the insurance premium tax (IPT) credit. This would result in a tax increase of more than $314.5 million.[1] Under the bill as currently written, the revenue would be used to reduce the sales tax on commercial rent payments, widely known as the Business Rent Tax (BRT), from 6 percent to 5 percent.[2] Florida TaxWatch research strongly supports the reduction/elimination of the BRT[3] but has concerns about the significant tax increase proposed to replace the lost revenue in the Senate bill.

It must be remembered that, while it certainly provides an economic development incentive, the credit was not created as a new tax cut or benefit to Florida insurers, it was used to lessen a significant tax increase on them. The credit was part of an insurance tax overhaul that took two tries to find the right level of taxation, while maintaining a 40 year-preference for Florida companies.

This report examines the issues involved with repealing the salary credit and concludes it should be maintained.

HISTORY OF TAX PREFERENCES FOR FLORIDA INSURANCE COMPANIES

Florida, like many other states, has always sought to promote the insurance industry in Florida through its insurance premium tax law. Prior to 1988, in order to encourage companies to come to Florida, the state completely exempted insurance companies that maintained their home offices in Florida from the 2 percent tax, and provided a lower tax rate (1 percent) for out-of-state insurance companies that had a regional home office in Florida. For nearly forty years, Florida-domiciled insurance companies paid no premium taxes.

The 1987 Legislature, due to potential constitutionality concerns over equal protection, passed legislation to subject all insurance companies a 2.25 percent insurance premium tax; however, a 10 percent salary

1 Results of the Revenue Impact Estimating Conference on SB 378, March 3, 2017. Repeal of the credit would reduce retaliatory taxes (see section below) by an estimated $14.5 million leaving a net increase in state revenues of $299.6 million.

2 SB 378 originally proposed to couple the insurance salary credit repeal with a 2 percentage point reduction in communications services tax (CST) rate. In was amended by the Senate Finance and Tax Committee (March 31) to take out the CST reduction and insert the BRT reduction.

3 http://www.floridataxwatch.org/library/ReducingBRT.aspx

credit was added to retain an incentive for insurance companies to invest capital and people in Florida. The effective date of the law was delayed until July 1, 1988, giving the Legislature another chance to revisit the issue. By 1988, the revenue estimate for the new law had increased significantly, resulting in a larger tax increase than had been anticipated. Due to concerns that the law would have significant adverse effects on domestic insurers from increased state taxes and higher retaliatory taxes[4] required by other states, the 1988 Legislature reduced the tax rate to 2 percent and increased the credit to 15 percent.[5]

In 1988, Florida TaxWatch released a report entitled *New Law is a Balanced Approach to Taxing Insurance Premiums*.[6] The report found that the new law was "a prudent and equitable way of dealing with the constitutional questions of the current law" while still providing an incentive for companies to base or maintain a presence in Florida.

In 1989, the insurance premium tax rate for all companies was reduced again, this time to 1.75 percent and the maximum credit cap was reduced from 75 percent to 65 percent of tax liability. [7]

The credit only applies to non-licensed employees located or based in Florida. It does not apply to agents or independent contractors. Because the amount of the salary credit a company can take are limited by statute,[8] the average effective credit statewide is much less than 15 percent. The credit is limited in two ways. First, the salary credit is limited to the amount of state premium taxes due after subtracting credits for premium taxes paid to local governments[9] and corporate income taxes (CIT) paid. Second, the total credit for the IPT and CIT is limited to 65 percent of IPT due (after three credits are subtracted.)[10] In 2015, there were $558.4 million in eligible salaries, but insurers could only credit $287.4 million, resulting in a effective credit of 7.7 percent.[11] A 2007 Senate report estimated the average effective credit was only 5.9 percent of eligible salaries.[12] The current state forecast estimates $314.5 million in salary credits in FY2017-18.[13]

The Senate also attempted to repeal the IPT credit during the 2013 Session, passing a bill that coupled the repeal with a roll-back of motor vehicle fees that had been raised in 2009; however, there was little or no support in the House for eliminating the credit. The House Appropriations Committee, raising the concern that it was "not a great idea to exchange cutting jobs and raising taxes in order to cut fees",[14] voted unanimously to keep the IPT credit and phase-in the roll-back of the motor vehicle fees. The bill died on the House calendar.

CONCERNS WITH REPEALING THE FLORIDA SALARY TAX CREDIT

IT REPRESENTS A VERY SIGNIFICANT TAX INCREASE

The insurance premium tax (IPT) is expected to bring in $777.9 million to the state in FY2107-18.[15] The $314.5 million recurring value of the salary credit would be an aggregate tax increase of 40 percent on all insurers that pay the IPT. Since the Florida companies that use the credit do not pay all the IPT that Florida collects, based on their current tax payments, the cred-

4 See page 7 for an explanation of retaliatory taxes.

5 Florida TaxWatch, *New Law is a Balanced Approach to Taxing Insurance Premiums, June 1988 and The Florida Revenue Estimating Conference, 2016 Florida Tax Handbook.*

6 Available at http://www.floridataxwatch.org/resources/pdf/InsPremiumTaxes88.pdf

7 Florida TaxWatch, *Repeal of Incentive for Insurers to Create New Jobs Raises Concerns, April 2013*

8 Section 624.509, Florida Statutes.

9 Cities are authorized to levy a tax of .85% on casualty premiums to help funds police retirement plans and cities and fire districts are authorized to levy a tax on 1.85% on property insurance premiums to fund firefighter retirement plans. These taxes may be credited against the state premium tax.

10 See Florida Department of Revenue Form DR-908, Insurance premium Taxes and Fees Return.

11 Florida Senate, Appropriations Subcommittee on Finance and Tax, *Staff Analysis of SB 378, March 14, 2017.*

12 Senate Committee on Finance & Tax, "An Overview of Florida's Premium Tax," Report No. 2007-122.

13 Results of the Revenue Impact Estimating Conference on SB 378, March 3, 2017.

14 Representative Charles McBurney, during debate on SB 1832, House Appropriations Committee, April 26, 2013.

15 Does not include the $239 million in taxes on surplus lines. The surplus lines market does not compete with the standard market; rather, it provides coverage options (e.g., higher limits, unique terms and conditions, exotic risks etc.) when the standard market cannot or will not underwrite the level of coverage needed. Surplus line companies generally do not write policies in their state of domicile. The salary credit does not affect surplus lines.

it represents an even bigger percentage tax increase on them. Add the increase in retaliatory taxes Florida insurers may pay to other states, and the increase gets even larger. In addition, because of the timing of tax returns, the first-year impact (additional revenue to the state) of the salary credit repeal is $453.3 million.

Even if the reduction in the Business Rent Tax that is currently coupled with the salary credit repeal is considered, SB 378 results in a net recurring tax increase of $6.1 million in FY2018-19, growing to a $8.8 million tax increase in FY2021-22. In the first year (FY2017-18), the bill would increase tax collections by $327.4 million.[16]

PREMIUMS WILL LIKELY RISE

Taxes are a factor all businesses consider when setting prices, and it is widely thought that taxes on insurers are directly passed on to consumers. A report by the Congressional Budget Office states "although the tax is levied on insurers, plan administrators, and employers that self-insure, economic theory and empirical evidence indicate that they will pass on the cost of the tax to employers and workers in the form of higher premiums."[17] A recent report by the Wisconsin Legislature says premium taxes may be passed on to policyholders relatively easily and because of that, premiums taxes may imposes a greater burden on those least able to afford it, such as the elderly.[18]

Insurance companies will certainly increase premiums in the face of this more than $300 million annual tax increase. Any savings Floridians might receive from other tax reductions would likely be at least partially offset by higher insurance premiums.

The Florida Senate has shown it understands this. In 2013, during the same session that saw the first attempt at repealing the salary credit, the Senate passed a memorial[19] urging Congress to repeal the health insurance tax contained in the Patient Protection and Affordable Care Act. The memorial stated "numerous policy experts agree (the tax) will be passed on to individuals, working families, small employers, and seniors, contradicting a primary goal of health reform by making health care more expensive." Further, "higher premiums are a disincentive for everyone to obtain insurance coverage, particularly younger, healthier people, who are likely to drop their policies due to increased expense, further eroding the risk pool and making coverage even less affordable." The memorial goes on to detail the loss of jobs that would result. The magnitude of the health insurance tax is certainly greater than the salary credit, but the same concepts apply.

THE CREDIT PROVIDES AN INCENTIVE TO INCREASE JOBS IN FLORIDA

The impact that taxes have on the perception of a state's business climate and a business's decision to locate in a state is difficult to measure. Florida TaxWatch has examined business climate for many years, and research shows that taxes do play a role in the decision on where to locate or expand a business. Other factors, including labor costs (which the salary credit helps reduce), a skilled workforce, availability to markets, and transportation infrastructure are consistently given greater importance than taxes in location decisions; but taxes are considered, and can often play the role of tie-breaker when other factors even out. An annual survey of site selection consultants found that 52 percent of clients that were planning to relocate cited high taxes as a primary reason for moving.[20] It should be remembered that many of the insurance jobs the Florida salary credit was created to encourage—such as administrative and call center positions—are highly mobile and can be located just about anywhere.

16 Calculations by Florida TaxWatch using the results from the Florida Revenue Impact Conference estimates for SB 378 and SB 484. Available at www.edr.state.fl.us/Content/conferences/revenueimpact/index.cfm.

17 CBO, "*Private Health Insurance Premiums and Federal Policy,*" *February 2016.*

18 Wisconsin Legislative Fiscal Bureau, Informational Paper 10, "*Taxation of Insurance Companies," February 2017.*

19 Senate Memorial 1600, 2013. Available at flsenate.gov/Session/Bill/2013/1600.

20 Area Development Magazine, 11th Annual Consultants Survey, 2014

The salary tax credit is another tool that Florida economic development professionals can use as a recruitment tool to bring companies to Florida. While it would be difficult to quantify how much of the growth of the insurance industry in Florida is due to the salary credit, it is hard to argue with the premise that Florida's business climate is more attractive to insurers with the credit than without it.

There is evidence that the credit is working. Since job growth began to rebound in 2010, both in Florida and nationally, the number of insurance jobs in Florida has risen 19.3 percent (2010-2015). This exceeds growth in all jobs in Florida of 15.0 percent. It also far exceeds insurance job growth nationwide of 9.7 percent. In fact, Florida's insurance job growth was larger than all but two states: Arizona and Kentucky.[21]

Florida's insurance industry provides 212,509 jobs, or 1.9 percent of all Florida jobs. The people in these jobs received $14.5 billion in total compensation, or 2.9 percent of all compensation in Florida. The average compensation for someone in the Florida insurance industry is $68,358. This is 56.7 percent greater than the average job in Florida.

In 2015, 117 new insurance and insurance-related companies came to Florida, bringing the total number operating in Florida to 4,279. This includes 2,104 foreign and 445 domestic insurers.[22]

COMPETITION FOR INSURANCE JOBS IS INTENSE AND INCREASING ACROSS THE NATION

States are increasingly using incentives to recruit business, including insurance companies. In 2013, North Carolina granted MetLife $87 million (over 12 years) to bring more than 2,000 jobs to the state. MetLife must meet employment and investment goals and it is exceeding them.[23] Many of these jobs come at the expense of Connecticut. [24] Long considered the "Insurance Capital of the World," Connecticut has been losing insurance jobs as other states compete for them. In 2016, Rhode Island enacted incentives, including the ability to lower its tax rate to 1 percent if enough jobs are created, in the hopes or enticing more Connecticut insurers.[25] Connecticut's Governor is responding by recommending an decrease in the premium tax.[26]

According to the National Conference of State Legislatures, at least 40 states offer job creation tax credits:

> *States regularly rely on tax incentives as an economic development tool to spur job growth. Economists across the nation agree that job creation is the key to a sustained economic recovery. As states work to recover from the recent economic downturn, legislators have been especially aggressive in pursuing job creation tax credits. Employers receive these credits when they create and fill new jobs, so the programs offer tangible benefits. States also expect that the return--in terms of the new employee's income taxes and renewed spending--will at least meet or exceed what the state loses in revenue directed to the credit.*[27]

Insurance premium tax credits also play a big role in other states. Due to the existence of retaliatory taxes (see below), variations in premium tax rates across the nation are limited. Florida's standard premium tax rate (1.75 percent) is slightly below the national average. When there is little difference between tax rates, incentives such as tax credits can play a bigger role in creating a favorable tax environment.

21 All job and compensation data in this paragraph and next is from the U.S. Department of Commerce, Bureau of Economic Analysis, Table Series SA25N and SA6N. Some calculations by Florida TaxWatch.

22 Florida Office of Insurance Regulation, 2015 Annual Report.

23 Charlotte Observer, "MetLife an Example of Incentives' Success," April 14, 2015.

24 Hartford Courant. "MetLife Employment Shift More Dramatic Than Expected," June 25, 2016.

25 NBCConnecticut.com, "Rhode Island Hopes Tax Incentives Catch Eye of Insurance Companies," October 4, 2016.

26 Fairfield County Business Journal, "Business leaders approve Malloy plan for insurance industry tax cut," February 16, 2017.

27 National Conference of State of Legislatures, "Job Creation Tax Credits, Fifty State Table," www.ncsl.org/research/financial-services-and-commerce/job-creation-tax-credits.aspx

There are many different IPT credits and almost every state offers them, including multiple states that allow credits for investments and contributions to things such as Certified Capital Companies, New Markets programs, historic preservation, schools and scholarships, affordable housing and enterprise zones. In addition, Florida TaxWatch found at least 31 states that offer credits and deductions specifically designed to favor insurance operations in their state (see Appendix A),[28] including salary credits in Arkansas, Kansas and Michigan. Incentives offered by Florida's neighboring states include:

Alabama – A credit of 100% of property taxes paid on property owned or leased, plus additional credits for Alabama employees and real estate.

Georgia – Insurers with 25 percent of their total assets in Georgia may reduce the rate to 1.25 percent (down from 2.25 percent); 75 percent of assets in Georgia results in a 0.5% rate.

Mississippi – A credit based on percentage of total assets that are in Mississippi (up to 50% of tax).

South Carolina – A job creation credit (up to 50% of premium tax due). In addition, an insurer creating at least 100 full-time jobs in certain counties may qualify for a 10-year moratorium on insurance premium taxes.

INSURANCE IS A TARGET INDUSTRY IN THE STATE'S ECONOMIC DEVELOPMENT EFFORTS

The insurance industry is an area of focus in the state's economic development efforts. Florida has designated the insurance industry as one of its Targeted Industries,[29] making the industry eligible for tax incentives to create or retain jobs. Industries are chosen to be eligible for incentives because they have significant positive economic impacts on Florida, and they typically pay higher than average wages. These high wages allow for more employee disposable income, something important to Florida given the state's reliance on sales and use taxes. Corporate headquarters are also a focus of Florida's economic development program.

THE EFFECTIVE TAX RATE ON THE INSURANCE INDUSTRY IS HIGHER THAN MOST OTHER BUSINESSES

Past studies have shown that insurance companies are already taxed at a higher effective rate than most other businesses.[30] As opposed to corporate income taxes, insurers pay premium taxes even if they do not make a profit. In addition, because premium taxes are based on gross receipts, not net income, the tax base for individual insurers is proportionately much larger. A more recent Ernst & Young study[31] found that life insurance companies nationwide pay an effective tax rate that is much higher than states' effective corporate income tax rate. The study estimated that Florida insurers paid an effective tax rate on income of 21.1 percent, almost four times Florida's CIT rate. Florida "excess" tax rate (15.6 percent) is higher than the national average (14.4 percent).

Most states do not levy an income tax on insurance companies, instead relying on the insurance premium tax.[32] Florida is one of only 10 states that levy both an insurance premium tax and a corporate income tax (or equivalent) on insurance companies. Most of these states, including Florida, allow insurers to credit CIT payments against their insurance premium taxes. However, Florida limits the total salary and income tax credits a company can take to 65 percent of their premium tax liability. Since the CIT credit is taken before the salary credit, the CIT credit is effectively limited to 65 percent of premium taxes due (after deducting three other credits).

28 National Association of Insurance Commissioners, "Retaliation Guide" and various states' statutes.

29 https://www.enterpriseflorida.com/why-florida/business-climate/incentives/

30 Martin F. Grace, Georgia State University, *Excessive Taxation of the Life Insurance Industry: A Case for Reform, December 23, 2003*

31 EY, "*Disparate income tax rate equivalents of life insurers and non-insurers: A 50-state comparison," February 2014.*

32 Oregon does not have a premium tax, but insurers are subject to an excise tax on net income.

This has resulted in an average of 26.5 percent of CIT taxes paid by insurers not being credited against the IPT.[33]

This disparity is highlighted when it is considered that Florida will collect $778 million in insurance premium taxes during 2017-18, while the state will collect $2.246 billion in corporate income taxes.[34] In addition to the corporate income taxes that they pay, insurance companies remit premium taxes equal to 35 percent of all the corporate income taxes collected. This does not include $239 million in taxes on surplus insurance lines.

In addition to the state's main 1.75 percent premium tax, insurers are also subject to several other assessments and fees, including the State Fire Marshall Regulatory Assessment (up to 1.1 percent on fire insurance premiums), filing fees ($250 quarterly) and a surcharge on property insurance ($2 per residential policy, $4 per commercial policy, imposed on policyholder). Insurance companies and agents also pay $67 million annually in license fees.[35]

RETALIATORY TAXES

Nationwide, insurance premium taxation is unique in that it includes retaliatory taxes.[36] When another state imposes taxes, licenses, and fees that exceed the amount imposed by an insurers home state, retaliation occurs. When levies in an out-of-state insurance company's home state are higher than Florida's, the out-of-state insurer pays a retaliatory tax to Florida. Conversely, Florida insurers pay retaliatory taxes to other states with lower levies than Florida. The $314.5 million tax increase that would be caused by eliminating the salary credit would impact retaliatory taxes in two ways. First, Florida companies may face a larger tax increase than simply the loss of the credit when other states levy retaliatory taxes against them. Also, the amount of revenue Florida receives from the tax increase will be reduced by less retaliatory taxes remitted by foreign insurers. It is estimated the state will lose $14.9 million in retaliatory taxes from repealing the salary credit, resulting in a net revenue gain of $299.6 million.[37]

TAX SYSTEM STABILITY

One characteristic of a tax system that businesses and relocation professionals find attractive is stability. Repeal of the salary credit would break a long-standing promise that Florida would reward insurers who place employees in Florida. This may signal to other industries that the Florida Legislature may make other changes to the state's tax policy that would increase their anticipated tax burden. Uncertainty can have a negative impact when companies analyze whether to come to, expand, or stay in Florida.

CONCLUSION

"The insurance industry is a catalyst for job growth, entrepreneurial activity and economic expansion in Florida."[38] The insurance industry has built up a significant presence in Florida over the years, provideing 212,509 jobs, $14.5 billion in total compensation, and averge wages of $68,358.

Since jobs growth began to rebound in 2010, both in Florida and nationally, the number of insurance jobs in Florida has exceeded growth in all jobs in Florida, and insurance job growth nationwide.

It is impossible to precisely quantify how much of the industry's growth in Florida is attributable the salary credit or the original domestic exemption, but they certainly played a beneficial role for the last 70+ years and remains an active incentive in today's increasingly global and competitive market.

33 Florida TaxWatch calculations using data from Senate Committee on Finance & Tax, "*An Overview of Florida's Premium Tax," Report No. 2007-122.*

34 Florida Office of Economic and Demographic Research, workpapers from the General Revenue Estimating Conference, December 12, 2016.

35 Florida Legislature, *2016 Florida Tax Handbook.*

36 Hawaii is the only state that does not levy retaliatory taxes.

37 Results of the Revenue Impact Estimating Conference on SB 378, March 3, 2017.

38 Florida Office of Insurance Regulation, 2015 Annual Report.

When the legislature rewrote the insurance premium tax law back in 1988, it recognized the advantages of keeping an incentive to create and retain jobs in Florida. Along with encouraging growth of the industry, companies with a presence in Florida can be more closely monitored and regulated. Reversing this long-standing policy of promoting the growth of one of the state's target industries, not only breaks a commitment the state made to insurers, but also threatens Florida's competitiveness and future job growth.

It must be remembered that, while it is certainly useful as an economic development incentive, the credit was not created as a new tax cut or benefit to for Florida insurers, it was actually used as way to lessen a significant tax increase on them. The credit was part of an insurance tax overhaul that took two tries to find the right level of taxation, while maintaining a 40 year-preference for Florida companies.

Most state legislatures use credits and another tax benefits to give a preference to domestic insurers, hoping to encourage their investment in their state. Competition, both nationally and globally, is increasing. All of Florida's immediate neighbors have significant incentives for insurers and the loss of the salary credit would make those and other states even more attractive.

Repealing the salary credit is a more than $300 million (40 percent) tax increase, even larger when only the companies that use the credit are considered. Moreover, other concerns exist, such as the already relatively high rate of taxation of the insurance industry; the effect of retaliatory taxes on both state revenues and insurer taxes; the perception of the stability of our state tax structure; and—most importantly—the effect that a $300 million tax increase would have on the premiums Floridians pay. Insurance costs are rising rapidly and passing a law that would further decrease the affordability of insurance is unwise, especially in this uncertain health insurance environment.

APPENDIX A

INSURANCE PREMIUM TAX CREDITS AND PREFERENCES FOR PROMOTING IN-STATE INSURANCE OPERATIONS

There are hundreds of tax credits, deductions, and lower rates offered to insurers by the 50 states to reduce insurance premium or other taxes. This is a listing of the tax credits Florida TaxWatch found that seem intended to provide incentives for in-state insurance operations.

Alabama

- May credit 100% of ad valorem taxes on Alabama real estate at least 50% occupied by insurer.
- May credit 100% of ad valorem taxes paid direct or as rent to a landlord on the insurer's offices.
- Each office owned or leased in Alabama, based on number of employees in each office (up to .01%).
- 0.1 % credit for each $1 million in value of real property investments in Alabama (up to 1% of premiums).

Arizona

- Net increases in full-time qualified employees in Arizona. $3,000 per employee up to $1.2 million, additional credit for employees in a military reuse zone.

Arkansas

- Salaries and wages of in-state employees (up to 80% of the tax due on health premiums, 70% on life).

Colorado

- Insurers with a regional of home office in the state pay a 1% tax, all others pay 2%.

Delaware

- Insurers that create at least 50 new jobs in the state may take a credit against premium tax liability.

Georgia

- May reduce tax rate to 1.25% (from 2.25%) if at least 25% of assets are invested in Georgia property.
- May reduce tax rate to 0.5% if 75% of total assets are invested in Georgia property.
- Job tax credit for each new full-time employee in certain counties.
- Domestic property and casualty insurers may deduct retaliatory taxes.

Hawaii

- Insurers that have a Hawaii customer service center may take a credit of 1% of premiums.
- Domestic insurers can take a credit for retaliatory taxes.

Indiana

- An insurer that proposes a project to create new jobs may apply for a credit.
- Headquarters relocation credit - a credit of up to 50% of the cost of relocating headquarters to Indiana.

Iowa

- Taxpayers may receive a credit of 10% of the cost of machinery and equipment and improvements to real property.

Kansas

- A credit against premium taxes of 15% of total salaries paid to Kansas employees.
- Domestic insurers can take a credit for certain retaliatory fees.

Kentucky

- Domestic mutual insurers other than life and cooperative fire insurers are not subject to premium tax.

Louisiana

- Employing a resident who was unemployed creates a tax credit of $540.

Maryland

- Credit for establishing or expanding a facility in Maryland that results in new jobs.
- Insurer with home office may take a credit for retaliatory taxes due to regulation fee.

Michigan

- A credit for a portion of compensation paid in Michigan, not to exceed 65% of tax liability after deducting other credits.
- Michigan Economic Growth Authority credit - based on the state personal income tax attributed to new full time employees.

Mississippi

- Credit based on percentage of total assets that are in Mississippi (up to 50% of tax.)
- Domestic insurer may take a credit for retaliatory taxes paid to other states.

Missouri

- Each insurer that establishes a new business facility in Missouri gets a credit of varying amounts.

Montana

- Tax credits for increasing employment in designated empowerment zones.

Nevada

- Home Office Credit - any insurer which owns and substantially occupies any building in Nevada as its home or regional office is entitled to a credit of 50% of aggregate premium tax and the full amount of property taxes on the building.
- Credit for relocating or expanding a business in Nevada.

New Jersey

- Credit for capital investment in a facility at which it will retain or create full-time jobs.
- Domestic insurers can reduce their IPT liability by up to 15% of retaliatory taxes paid.

New York

- Domiciliary insurers can credit 90% of retaliatory taxes.

North Carolina

- Growing Businesses Credit - credits for creating jobs and investing in real or business property (up to 50% of premium tax liability).

North Dakota

- Insurers can take a 50% credit against ad valorem taxes on the premises occupied as the principal office in the state.

Ohio

- Insurers may take a job retention credit and a jobs creation credit.

Oklahoma

- An insurer can claim a credit of to 50% of premium taxes due (after other credits) for having a regional or home office in the state.

Pennsylvania

- If an insurer creates at least 25 new jobs or increases employees by 20%, it can take a credit of $1,000 per job.
- An additional credit, up to 50% of premium tax liability, for full-time jobs within a "strategic development area."
- If an insurer increases payroll by at least $1 million, a credit of 5% of increased payroll may be taken.

Rhode Island

- An insurer can reduce its tax rate to as low as 1%, based on the number of jobs created.
- A credit of 10% of the cost of computer and telecommunication equipment in the state (up to 50% of tax due).

South Carolina

- Credit for creation of a new job in South Carolina (up to 50% of premium tax due).
- An insurer creating 100 or more full-time jobs in certain counties may qualify for a 10-year moratorium on insurance premium taxes.

South Dakota

- An insurer with a principal or regional office in South Dakota may deduct 50% of premium taxes.
- They may also deduct all property taxes (up to an additional 20% of premium taxes).

Utah

- Insurers may offset from premium taxes due property taxes paid for general state purposes.

Virginia

- An insurer that establishes or expands a major business facility by creating at least 50 full-time jobs, may take a credit of $1,000 per employee over the 50-job threshold.

West Virginia

- Certain smaller insurers may reduce insurance premium to zero if 25% or its assets are in West Virginia.

Wisconsin

- Domestic life insurers may take a credit of 50% of personal property taxes (up to 25% or premium tax liability).

Wyoming

- Domestic insurers may take a credit for retaliatory taxes.

Source: Florida TaxWatch, using information from the National Association of Insurance Commissioners' "Retaliation Guide" and various states' statutes.

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