

VIA E-MAIL

May 1, 2013

Joe Huddleston
Executive Director
Multistate Tax Commission
444 North Capitol Street, NW
Washington, D.C. 20001

Dear Mr. Huddleston:

The National Conference of Insurance Legislators (NCOIL) would like to join its legislative colleagues at the National Conference of State Legislatures (NCSL) in voicing strong concern over a Multistate Tax Commission (MTC) project entitled "Partnership or Pass-Through Entity Income Ultimately Realized by An Entity That Is Not Subject to Income Tax." NCOIL maintains that this project, though seemingly well-intentioned, will negatively impact state coffers, as well as insurance oversight and the insurance industry as a whole.

This project would subject insurance companies to state corporate income taxes—the very taxes that premium taxes were designed so long ago to replace. We agree with NCSL that insurance premium taxes are an important and reliable revenue stream for states still struggling in this economic downturn, unlike corporate income taxes, which can be vulnerable to decline during recession.

While we understand that initially concern was expressed by a state Department of Revenue employee that insurance companies might be trying to avoid taxes by using investments in pass-through entities—it is most important to recognize that insurance company investment activities have long been subject to extensive state scrutiny and oversight and that the gross premium tax system imposed by states on the insurance industry gives states greater control than any other kind of business taxation.

As state officials who are responsible for passage of legislation in the states, we join the NCSL in respectfully requesting that you set aside further action on this project. We also are unaware of interest in any state legislature or expressed by any elected official to pursue such an undertaking and we fear for its negative implications.

NCOIL is an organization of state lawmakers whose main area of public policy concern is insurance legislation and regulation. Many legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country.

For more information, please feel free to contact the NCOIL National Office at 518-687-0178.

Sincerely,



Rep. Charles Curtiss, TN
NCOIL President
Enclosures

K:/NCOIL/2013 Documents/2007947.doc