

110TH CONGRESS  
1ST SESSION

# S. 2040

To amend the Internal Revenue Code of 1986 to increase the alternative tax liability limitation for small property and casualty insurance companies.

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 12, 2007

Mr. BOND (for himself and Mrs. LINCOLN) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to increase the alternative tax liability limitation for small property and casualty insurance companies.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. INCREASE IN LIMITATION FOR ALTERNATIVE**  
4                       **TAX LIABILITY FOR SMALL PROPERTY AND**  
5                       **CASUALTY INSURANCE COMPANIES.**

6       (a) IN GENERAL.—Clause (i) of section 831(b)(2)(A)  
7       of the Internal Revenue Code of 1986 is amended to read  
8       as follows:

9                       “(i) the net written premiums (or, if  
10                      greater, direct written premiums) for the

1 taxable year do not exceed \$1,971,000,  
 2 and”.

3 (b) INFLATION ADJUSTMENT.—Paragraph (2) of sec-  
 4 tion 831(b) of such Code is amended by adding at the  
 5 end the following new subparagraph:

6 “(C) INFLATION ADJUSTMENT.—In the  
 7 case of any taxable year beginning in a calendar  
 8 year after 2007, the dollar amount set forth in  
 9 subparagraph (A) shall be increased by an  
 10 amount equal to—

11 “(i) such dollar amount, multiplied by

12 “(ii) the cost-of-living adjustment de-  
 13 termined under section 1(f)(3) for such  
 14 calendar year by substituting ‘calendar  
 15 year 2006’ for ‘calendar year 1992’ in sub-  
 16 paragraph (B) thereof. If the amount as  
 17 adjusted under the preceding sentence is  
 18 not a multiple of \$1,000, such amount  
 19 shall be rounded to the next lowest mul-  
 20 tiple of \$1,000.”.

21 (c) EFFECTIVE DATE.—The amendments made by  
 22 this section shall apply to taxable years beginning after  
 23 December 31, 2006.

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