**STATE CHARTERED CREDIT UNION SURPLUS LINES TAX EXEMPTION – 9-15-2014**

The Oregon Insurance Division will allow State Chartered Credit Unions the same exemption allowed for Federal Credit Unions from Oregon Surplus Lines tax and Fire Marshall Tax. The exemption will be allowed when requested by the credit union or their broker at the time that surplus lines business is placed. Documentation of the application of the exemption will need to be kept by the surplus lines broker arranging the transaction in the event that it is requested by the Oregon Insurance Division.

Section 122 of the Federal Credit Union Act (12 U.S.C. Section 1768) outlines Federal Credit Union tax exempt status. Federal law preempts Oregon law and will be honored if exemption is requested.

Oregon law does not address any exemption from Surplus Lines tax. Oregon Revised Statute (ORS) 735.470 simply says that if Oregon is the home state the surplus lines licensee must remit a premium tax equal to 2% of gross premium. We have not allowed exemptions for premium tax except in cases of Indian Nations. After review of the Federal Credit Union Act it was determined that the exemption for Federal credit unions should be allowed when requested.

Oregon Revised Statute (ORS) 723.752 states:

**723.752 Application of tax statutes to credit unions.** Any credit union subject to this chapter shall be deemed an institution for savings within the meaning of the law that exempts such institutions from taxation. No law, except as stated in this section, that taxes corporations in any form, or the shares thereof or the accumulations therein, shall apply to credit unions doing business in accordance with this chapter unless the credit unions are specifically named in the law. [1975 c.652 §77; 1985 c.762 §103; 2009 c.541 §42]

In cases where no request is made, the SLAOR and the Oregon Insurance Division will proceed as they do with regular account handling and collect the tax as outlined in Oregon Law in ORS 735.470.

The Surplus Lines Association of Oregon will post this information regarding the exemption on their website for their members.

The Division will not require SLAOR to provide a record of the account or tax exemption. The Division will expect that the broker will keep documentation of their action in the event that the Division has reason to inspect their records.

Cece Newell, CIC, PIR

Policy Analyst

Oregon Insurance Division

503-947-7203

cece.newell@state.or.us