

2016 First Extraordinary Session

HOUSE BILL NO. 87

BY REPRESENTATIVE ANDERS

TAX/INSURANCE PREMIUM: Reduces the amount of the insurance premium tax for certain Louisiana investments (Item #6)

1 AN ACT

2 To amend and reenact R.S. 22:832(A) and (C), relative to insurance premium tax; to provide  
3 for a reduction of the tax due in certain circumstances; to provide for the definition  
4 of a qualifying Louisiana investment; to provide for an effective date; and to provide  
5 for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:832(A) and (C) are hereby amended and reenacted to read as  
8 follows:

9 §832. Reduction of tax when certain investments are made in Louisiana

10 A.(1) The amount of the tax payable shall be reduced from the amount  
11 otherwise fixed in this Part if the payer files a sworn statement with the annual report  
12 required by this Part showing as of the end of each fiscal quarter reporting period  
13 that at least the following amounts of the total admitted assets of the payer, less  
14 assets in an amount equal to the reserves on its policies issued in foreign countries  
15 in which it is authorized to do business and which countries require an investment  
16 therein as a condition of doing business, are invested and maintained in qualifying  
17 Louisiana investments as hereinafter defined in Subsection C of this Section.

18 (2) The amount of tax credit granted shall be as provided in Subsection B of  
19 this Section and based on the average of the percentage of qualifying Louisiana  
20 securities investments held at the end of each fiscal quarter for the fiscal year.



1 Section 2. This Act shall become effective upon signature by the governor or, if not  
 2 signed by the governor, upon expiration of the time for bills to become law without signature  
 3 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
 4 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 5 effective on the day following such approval.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 87 Engrossed

2016 First Extraordinary Session

Anders

**Abstract:** Reduces the amount of the insurance premium tax credit for certain companies by 5% for any tax year beginning on or after Jan. 1, 2016, and before Jan. 1, 2018, and eliminates certain certificates of deposit and cash on deposit as qualified La. investments beginning Jan. 1, 2017.

Present law authorizes a credit against the insurance premium tax credit for insurers who invest a portion of their total admitted assets in La. financial institutions and investment products. The amount of the credit is graduated, with the amount increasing as the percentage of an insurer's assets invested in La. increases as follows:

- (1) A 66% tax credit for investment of 16% of assets.
- (2) A 75% tax credit for investment of 20% of assets.
- (3) An 85% tax credit for investment of 25% of assets.
- (4) A 95% tax credit for investment of 33% of assets.

Present law defines "qualified La. investment" as:

- (1) Certificates of deposit issued by a La. bank or investments in such instruments by a trust company with a main office or one or more branches in La.
- (2) Bonded debt issued with approval by the La. State Bond Commission.
- (3) Mortgages on property located in this state.
- (4) Real property located in this state.
- (5) Policy loans and other loans to residents and corporations domiciled in La.
- (6) Common or preferred stock in corporations domiciled in this state.
- (7) Cash on deposit in a La. bank or a trust company holding such funds in trust, operating in the state with a main office or one or more branches.

Proposed law deletes from present law beginning Jan. 1, 2017, the following investments:

- (1) Certificates of deposit issued by a La. bank or investments in such instruments by a trust company with a main office or one or more branches in La.
- (2) Cash on deposit in a La. bank or a trust company holding such funds in trust, operating in the state with a main office or one or more branches.

Proposed law reduces the tax credit as determined in present law by 5% for any tax year beginning on or after Jan. 1, 2016, and before Jan. 1, 2018, unless the insurance company claiming the reduction writes life insurance premiums and has total admitted assets of \$15 million or less.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 22:832(A) and (C))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Decrease the temporary reduction of the amount of the insurance premium tax credit from 10% to 5%.
2. Exempt insurance companies that write life insurance premiums that have total admitted assets of \$15 million or less from the temporary reduction to the amount of the credit.
3. Add effective date of Jan. 1, 2017, for elimination of cash on deposit and certificates of deposit from the definition of "qualified La. investment".