2025 Regular Session

HOUSE BILL NO. 594

BY REPRESENTATIVE HENRY

TAX/INSURANCE PREMIUM: Establishes a flat rate of insurance premium tax and repeals certain insurance premium tax credits and exemptions

1	AN ACT	
2	To amend and reenact R.S. 22:831(A)(1), 833(B)(2), 836(Section heading), 842(A)(1),	
3	855(A)(2), 2058(A)(3)(a)(iv), and 2092(B), to enact R.S. 22:833(F), and to re	
4	R.S. 22:601.16(4), 832, and 836(B) and Chapter 26 of Title 51 of the Louisia	
5	Revised Statutes of 1950, comprised of R.S. 51:1921 through 1935, relative	
6	insurance premium taxes; to provide for insurance premium tax rates; to provide f	
7	credits and other tax preferences applicable to insurance premium tax liability;	
8	repeal the insurance premium tax credit; to repeal the tax credit for retaliatory tax	
9	paid by certain domestic insurers; to repeal the Louisiana Capital Companies Ta	
10	Credit Program; to provide for applicability; to provide for effectiveness; and t	
11	provide for related matters.	
12	Be it enacted by the Legislature of Louisiana:	
13	Section 1. R.S. 22:831(A)(1), 833(B)(2), 836(Section heading), 842(A)(1),	
14	855(A)(2), 2058(A)(3)(a)(iv), and 2092(B) are hereby amended and reenacted and R.S.	
15	22:833(F) is hereby enacted to read as follows:	
16	§831. Fire, marine, transportation, casualty, surety, or other insurance	
17	A.(1) Upon the business of issuing policies, contracts, or other forms of	
18	obligations covering the risk of fire, marine, transportation, surety, fidelity,	
19	indemnity, guaranty, workers' compensation, employers' liability, property damages,	
20	livestock, vehicle, automatic sprinkler, burglary, or insurance of any other kind	
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1	whatsoever in this state not otherwise provided for in this Part, the minimum annual
2	tax shall be one hundred eighty-five dollars when the gross annual premiums shall
3	be six thousand dollars or less; and when the gross annual premiums shall be more
4	than six thousand dollars, the amount of tax payable shall be increased to three
5	hundred dollars for each additional ten thousand dollars, or fraction thereof, of gross
6	annual premiums at the rate of one and six tenths percent of gross annual written
7	premiums. The business of issuing each of the kinds of insurance or contracts
8	mentioned in this Section may be combined under one tax, and the amount of the tax
9	shall be based on the combined gross annual premiums of all such businesses.
10	* * *
11	§833. Authorization of local taxes; penalties for nonpayment
12	* * *
13	B. The maximum tax on such businesses, payable to such municipality or
14	parochial corporation by any insurer, shall not exceed nine thousand dollars.
15	Provided, that:
16	* * *
17	(2) The amount of tax payable to any municipal or parochial corporation as
18	fixed in this Section shall be one-third of the amount so fixed if the payer shall file
19	a sworn statement with the annual report required by this Part, showing that at least
20	one-sixth of the total admitted assets of the payer, are invested and maintained in
21	qualifying Louisiana investments as defined in R.S. 22:832(C) Subsection F of this
22	Section.
23	* * *
24	F.(1) For purposes of this Part, a "qualifying Louisiana investment" is
25	defined as any of the following:
26	(a) Certificates of deposit issued in Louisiana by any bank, savings and loan
27	association, or savings bank, any of which has a main office or branch in Louisiana,
28	or by a trust company with a main office or branch in Louisiana if the trust company
29	holds such funds in trust and invests them in certificates of deposit issued by a bank,

1	savings and loan association, or savings bank with a main office or branch in
2	Louisiana.
3	(b) Cash on deposit in an account in Louisiana in any bank, savings and loan
4	association, or savings bank, or a trust company holding such funds in trust, any of
5	which has a main office or branch in Louisiana.
6	(2) Investments shall be considered as qualifying Louisiana investments only
7	when made by a health maintenance organization that meets all of the following
8	criteria:
9	(a) Offers fully insured commercial or Medicare Advantage products.
10	(b) Is domiciled, licensed, and operating in this state.
11	(c) Maintains its primary corporate office and at least seventy percent of its
12	employees in this state.
13	(d) Maintains its core business functions in this state which may include
14	utilization review services, claim payment processes, customer processes, customer
15	service call centers, enrollment services, information technology services, and
16	provider relations.
17	(3)(a) For purposes of businesses issuing life insurance policies subject to the
18	tax in R.S. 22:842(A), for taxable years beginning on or after January 1, 2024, "a
19	qualifying Louisiana investment" is defined as any of the following:
20	(i) Certificates of deposit issued in Louisiana by any bank, savings and loan
21	association, or savings bank, any of which has a main office or branch in Louisiana,
22	or by a trust company with a main office or branch in Louisiana if the trust company
23	holds funds in trust and invests them in certificates of deposit issued by a bank,
24	savings and loan association, or savings bank with a main office or branch in
25	Louisiana.
26	(ii) Cash on deposit in an account in Louisiana with any bank, savings and
27	loan association, or savings bank, or a trust company holding funds in trust, any of
28	which has a main office or branch in Louisiana.

1	(b) An investment shall be considered a qualifying Louisiana investment
2	pursuant to the provisions of this Paragraph only when made by a business that meets
3	all of the following criteria:
4	(i) Issues life insurance policies.
5	(ii) Has total admitted assets under three million dollars.
6	(iii) Is domiciled, licensed, and operating in Louisiana.
7	(iv) Maintains its primary corporate office in Louisiana and has at least
8	seventy percent of its employees in Louisiana.
9	(v) Maintains its core business functions in Louisiana, which include but are
10	not limited to the utilization of review services, claim payment processes, customer
11	processes, customer service call centers, enrollment services, information technology
12	services, and provider relations.
13	* * *
14	§836. Retaliatory taxes and fees ; insurance premium tax credits for retaliatory taxes
15	paid by certain domestic insurers
16	* * *
17	§842. Life, accident, health, or service insurance; health maintenance organizations;
18	Medicaid-enrolled managed care organizations
19	A.(1) Upon the business of issuing life, accident, health, or service insurance
20	policies, or other forms of contracts or obligations covering such risks, or issuing
21	endowment policies on contracts, or other similar forms of contract obligations, the
22	annual tax shall be one hundred forty dollars when the gross annual premiums are
23	seven thousand dollars or less. When the gross annual premiums are more than seven
24	thousand dollars, the amount of tax payable shall be increased to two hundred
25	twenty-five dollars for each additional ten thousand dollars, or fraction thereof, of
26	gross annual premiums one and sixth tenths percent of gross annual written
27	premiums. The business of issuing each of the kinds of insurance or contracts
28	mentioned in this Section may be combined under one tax, and the amount of the tax
29	shall be based on the combined gross annual premiums of all such businesses.

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	* * *
2	§855. Quoted premium shall include all charges; dollar amount required
3	A. The premium quoted by the insurer shall be a specific dollar amount
4	which shall be inclusive of all fees, charges, premiums, or other consideration
5	charged for the insurance or for the procurement thereof, except that:
6	* * *
7	(2) The premium and premium tax on a surplus lines policy each policy shall
8	be separately stated on the declaration page, except for policies or contracts of
9	insurance written by health maintenance organizations subject to the tax in R.S.
10	<u>22:842(B)</u> .
11	* * *
12	§2058. Powers and duties of the association
13	A. The association shall do all of the following:
14	* * *
15	(3)(a)
16	* * *
17	(iv) Up to one-half of the amount of the maximum assessment shall be offset
18	in the same manner that an offset is provided against the premium tax liability in
19	Item (b)(ii) of this Paragraph, against the assessment levied by R.S. 22:1476, if the
20	offset shall not be applied against any portion of the assessments to be deposited to
21	the credit of the Municipal Police Employees' Retirement System, the Sheriffs'
22	Pension and Relief Fund, and the Firefighters' Retirement System. To qualify for this
23	offset, the payer shall file a sworn statement with the annual report required by R.S.
24	22:791 et seq., 821 et seq., and 831 et seq., showing as of December thirty-first of
25	the reporting period that at least the following amounts of the total admitted assets
26	of the payer, less assets in an amount equal to the reserves on its policies issued in
27	foreign countries in which it is authorized to do business and which countries require
28	an investment therein as a condition of doing business, are invested and maintained
29	in qualifying Louisiana investments as defined in R.S. 22:832(C) R.S. 22:833(F). If

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1 one-sixth of the total admitted assets of the payer are in qualifying Louisiana 2 investments, then the offset shall be sixty-six and two-thirds percent of the amount otherwise assessed; if at least one-fifth of the total admitted assets of the payer are 3 4 in qualifying Louisiana investments, then the offset shall be seventy-five percent of 5 the amount otherwise assessed; if at least one-fourth of the total admitted assets of 6 the payer are in qualifying Louisiana investments, the offset shall be eighty-five 7 percent of the amount otherwise assessed; and if at least one-third of the total 8 admitted assets of the payer are in qualifying Louisiana investments, then the offset 9 shall be ninety-five percent of the amount otherwise assessed.

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- 11

12

§2092. Offsets for assessments paid

13 B. The amount of the assessment payable shall be reduced from the amount 14 otherwise fixed in this Part if the insurer shall file a sworn statement with the annual 15 report required by R.S. 22:131 through 135 as of December thirty-first for the 16 reporting period that at least the following amounts of the total admitted assets of the 17 insurer, less assets in an amount equal to the reserves on its policies issued in foreign 18 countries in which it is authorized to do business and which countries require an 19 investment therein as a condition of doing business, are invested and maintained in qualifying Louisiana investments as defined in R.S. 22:832(C) R.S. 22:833(F). If 20 21 one-sixth of the total admitted assets of the insurer are in qualifying Louisiana 22 investments, then the offset shall be sixty-six and two-thirds percent of the amount 23 otherwise assessed. If at least one-fifth of the total admitted assets of the insurer are 24 in qualifying Louisiana investments, then the offset shall be seventy-five percent of 25 the amount otherwise assessed. If at least one-fourth of the total admitted assets of 26 the insurer are in qualifying Louisiana investments, then the offset shall be 27 eighty-five percent of the amount otherwise assessed. If at least one-third of the total 28 admitted assets of the insurer are in qualifying Louisiana investments, then the offset 29 shall be ninety-five percent of the amount otherwise assessed.

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2	Section 2. R.S. 22:601.16(4), 832, and 836(B) and Chapter 26 of Title 51 of the	
3	Louisiana Revised Statutes of 1950, comprised of R.S. 51:1921 through 1935, are hereby	
4	repealed in their entirety.	
5	Section 3. The provisions of this Act shall apply to taxable periods beginning on or	
6	after January 1, 2026.	
7	Section 4. This Act shall become effective on January 1, 2026.	

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)]

HB 594 Original	2025 Regular Session	Henry
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Abstract: Institutes a flat rate of insurance premium tax on fire, marine, transportation, casualty, and surety insurance policies and repeals certain insurance premium tax credits and other incentives.

<u>Present law</u> imposes an insurance premium tax on fire, marine, transportation, casualty, and surety insurance policies. Provides that the minimum annual tax is \$185 dollars if annual premiums are \$6,000 or less; and if annual premiums are more than \$6,000, the amount of tax payable shall be increased to \$300 for each additional \$10,000, or fraction thereof, of gross annual premiums.

<u>Proposed law</u> replaces the system of premium tax impositions provided in <u>present law</u> with a flat rate of 1.6% on gross annual premiums.

<u>Present law</u> authorizes exemptions from state and local premium taxes due from insurers based on qualifying La. investments that those companies make. <u>Proposed law</u> repeals <u>present law</u> authorizing these state tax exemptions. Retains <u>present law</u> relative to local tax exemptions and makes the "qualifying Louisiana investments" definition applicable to those local exemptions.

<u>Proposed law</u> requires insurers to separately state the premium taxes on their declaration pages, extending a requirement of <u>present law</u> applicable only to surplus lines.

Proposed law repeals the following tax credits:

- (1) Insurance premium investment tax credit. (R.S. 22:832)
- (2) Insurance premium tax credit for retaliatory taxes paid by certain domestic insurers. (R.S. 22:836(B))
- (3) La. Capital Companies Tax Credit Program. (R.S. 51:1921 et seq.)

Proposed law applies to taxable periods beginning on or after Jan. 1, 2026.

Effective Jan. 1, 2026.

(Amends R.S. 22:831(A)(1), 833(B)(2), 836(Section heading), 842(A)(1), 855(A)(2), 2058(A)(3)(a)(iv), and 2092(B); Adds R.S. 22:833(F); Repeals R.S. 22:601.16(4), 832, and 836(B) and R.S. 51:1921-1935)