

2025 Regular Session

HOUSE BILL NO. 594

BY REPRESENTATIVE HENRY

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

1 AN ACT

2 To amend and reenact R.S. 22:831(A)(1), 832(A)(3) and (C), 833(B)(2), 842(A)(1),
3 855(A)(2), 2058(A)(3)(a)(iv), and 2092(B), to enact R.S. 22:831(A)(3), 833(F), and
4 842(A)(3), and to repeal R.S. 22:601.16(4) and 832(D) through (F) and Chapter 26
5 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1921
6 through 1935, relative to insurance premium taxes; to provide for insurance premium
7 tax rates; to provide for credits and other tax preferences applicable to insurance
8 premium tax liability; to repeal the tax credit for retaliatory taxes paid by certain
9 domestic insurers; to repeal the Louisiana Capital Companies Tax Credit Program;
10 to provide for applicability; to provide for effectiveness; and to provide for related
11 matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 22:831(A)(1), 832(A)(3) and (C), 833(B)(2), 842(A)(1), 855(A)(2),
14 2058(A)(3)(a)(iv), and 2092(B) are hereby amended and reenacted and R.S. 22:831(A)(3),
15 833(F), and 842(A)(3) are hereby enacted to read as follows:

16 §831. Fire, marine, transportation, casualty, surety, or other insurance; premium tax

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

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.

* * *

11 (3)(a) Beginning January 1, 2027, and each January 1 thereafter, if the sum
12 of the prior year's actual premium tax collections and actual retaliatory tax
13 collections exceed the sum of the 2024 calendar year actual premium tax collections
14 and actual retaliatory tax collections, the insurance premium tax rate provided for in
15 this Section shall be reduced by an amount equal to two-tenths of one percent.

16 **(b) When the provisions of this Paragraph require a reduction in the**
17 **insurance premium tax rate, the commissioner of insurance shall publish notice of**
18 **the reduced rate on the Department of Insurance website.**

* * *

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

21 A.

* * *

~~(3) However, Paragraph (1) of this Subsection notwithstanding, for any taxable year beginning on or after January 1, 2016, and before January 1, 2018, for all payers, except for life insurance companies writing life insurance premiums with total admitted assets of fifteen million dollars or less and health maintenance organizations subject to the tax in R.S. 22:842(B), the amount of the tax credit granted shall not exceed ninety-five percent of the tax credit for the average percentage of qualifying Louisiana investments as provided in Subsection B of this~~

1 ~~Section:~~ (a) The tax credit provided for in this Section shall be granted only when
2 the qualifying Louisiana investment is made by a business that meets all of the
3 following criteria:

4 (i) Is domiciled, licensed, and operating in Louisiana.

5 (ii) Maintains its primary office in Louisiana and has at least sixty percent
6 of the combined total of its employees and corporate officers in Louisiana.

7 (iii) Maintains in Louisiana its core business functions, which include but are
8 not limited to utilization review services, claim payment processes, customer
9 processes, customer service call centers, enrollment services, information technology
10 services, and provider relations.

11 (b) The requirements of Subparagraph (a) of this Paragraph shall not apply
12 to qualifying Louisiana investments defined in Paragraphs (C)(1) through (5) of this
13 Section, when those investments are made by a health maintenance organization
14 subject to the tax imposed by R.S. 22:842(B).

15 * * *

16 C. For the purposes of this Part, ~~beginning January 1, 2017,~~ "a qualifying
17 Louisiana investment" is hereby defined as:

18 (1) Bonds of this state or bonds of municipal, school, road, or levee districts,
19 or other political subdivisions of this state or bonds approved for issue by the
20 Louisiana State Bond Commission.

21 (2) Mortgages on property located in this state.

22 (3) Real property located in this state.

23 (4) Policy loans to residents of Louisiana, or other loans to residents of this
24 state, or to corporations domiciled in this state.

25 (5) Common or preferred stock in corporations domiciled in this state.

26 (6) In addition to the investments provided for in Paragraphs (1) through (5)
27 of this Subsection, for purposes of health maintenance organizations subject to the
28 tax in R.S. 22:842(B), ~~for taxable years beginning on or after January 1, 2017,~~ "a
29 qualifying Louisiana investment" is ~~hereby~~ further defined as:

1 (a) Certificates of deposit issued in Louisiana by any bank, savings and loan
2 association, or savings bank any of which has a main office or branch in Louisiana
3 or by a trust company with a main office or branch in Louisiana if such trust
4 company holds such funds in trust and invests them in certificates of deposit issued
5 by a bank, savings and loan association, or savings bank with a main office or branch
6 in Louisiana.

7 (b) Cash on deposit in an account in Louisiana in any bank, savings and loan
8 association, or savings bank, or a trust company holding such funds in trust, any of
9 which has a main office or branch in Louisiana.

10 (c) Such investments shall be considered as qualifying Louisiana investments
11 only when made by a health maintenance organization that ~~meets all of the following~~
12 ~~criteria:~~

13 ~~(i) Offers offers fully insured commercial or Medicare Advantage products.~~

14 ~~(ii) Is domiciled, licensed, and operating in this state.~~

15 ~~(iii) Maintains its primary corporate office and at least seventy percent of its~~
16 ~~employees in this state.~~

17 ~~(iv) Maintains in this state its core business functions which may include~~
18 ~~utilization review services, claim payment processes, customer processes, customer~~
19 ~~service call centers, enrollment services, information technology services, and~~
20 ~~provider relations.~~

21 (7)(a) For purposes of businesses issuing life insurance policies subject to
22 the tax in R.S. 22:842(A), ~~for taxable years beginning on or after January 1, 2024,~~
23 "a qualifying Louisiana investment" is defined as:

24 (i) Certificates of deposit issued in Louisiana by any bank, savings and loan
25 association, or savings bank, any of which has a main office or branch in Louisiana,
26 or by a trust company with a main office or branch in Louisiana if the trust company
27 holds funds in trust and invests them in certificates of deposit issued by a bank,
28 savings and loan association, or savings bank with a main office or branch in
29 Louisiana.

1 (ii) Cash on deposit in an account in Louisiana with any bank, savings and
 2 loan association, or savings bank, or a trust company holding funds in trust, any of
 3 which has a main office or branch in Louisiana.

4 (b) An investment shall be considered a qualifying Louisiana investment
 5 pursuant to the provisions of this Paragraph only when made by a business that ~~meets~~
 6 ~~all of the following criteria:~~

7 ~~(i) Issues~~ issues life insurance policies and has total admitted assets under
 8 three million dollars.

9 ~~(ii) Has total admitted assets under three million dollars.~~

10 ~~(iii) Is domiciled, licensed, and operating in Louisiana.~~

11 ~~(iv) Maintains its primary corporate office in Louisiana and has at least~~
 12 ~~seventy percent of its employees in Louisiana.~~

13 ~~(v) Maintains in Louisiana its core business functions, which include but are~~
 14 ~~not limited to the utilization of review services, claim payment processes, customer~~
 15 ~~processes, customer service call centers, enrollment services, information technology~~
 16 ~~services, and provider relations.~~

17 * * *

18 §833. Authorization of local taxes; penalties for nonpayment

19 * * *

20 B. The maximum tax on such businesses, payable to such municipality or
 21 parochial corporation by any insurer, shall not exceed nine thousand dollars.

22 Provided, that:

23 * * *

24 (2) The amount of tax payable to any municipal or parochial corporation as
 25 fixed in this Section shall be one-third of the amount so fixed if the payer shall file
 26 a sworn statement with the annual report required by this Part, showing that at least
 27 one-sixth of the total admitted assets of the payer, are invested and maintained in

1 qualifying Louisiana investments as defined in ~~R.S. 22:832(C)~~ Subsection F of this
2 Section.

3 * * *

4 F.(1) For purposes of this Part, a "qualifying Louisiana investment" is
5 defined as any of the following:

6 (a) Certificates of deposit issued in Louisiana by any bank, savings and loan
7 association, or savings bank, any of which has a main office or branch in Louisiana,
8 or by a trust company with a main office or branch in Louisiana if the trust company
9 holds such funds in trust and invests them in certificates of deposit issued by a bank,
10 savings and loan association, or savings bank with a main office or branch in
11 Louisiana.

12 (b) Cash on deposit in an account in Louisiana in any bank, savings and loan
13 association, or savings bank, or a trust company holding such funds in trust, any of
14 which has a main office or branch in Louisiana.

15 (2) Investments shall be considered as qualifying Louisiana investments only
16 when made by a health maintenance organization that meets all of the following
17 criteria:

18 (a) Offers fully insured commercial or Medicare Advantage products.

19 (b) Is domiciled, licensed, and operating in this state.

20 (c) Maintains its primary corporate office and at least seventy percent of its
21 employees in this state.

22 (d) Maintains its core business functions in this state which may include
23 utilization review services, claim payment processes, customer processes, customer
24 service call centers, enrollment services, information technology services, and
25 provider relations.

26 (3)(a) For purposes of businesses issuing life insurance policies subject to the
27 tax in R.S. 22:842(A), for taxable years beginning on or after January 1, 2024, "a
28 qualifying Louisiana investment" is defined as any of the following:

1 (i) Certificates of deposit issued in Louisiana by any bank, savings and loan
2 association, or savings bank, any of which has a main office or branch in Louisiana,
3 or by a trust company with a main office or branch in Louisiana if the trust company
4 holds funds in trust and invests them in certificates of deposit issued by a bank,
5 savings and loan association, or savings bank with a main office or branch in
6 Louisiana.

7 (ii) Cash on deposit in an account in Louisiana with any bank, savings and
8 loan association, or savings bank, or a trust company holding funds in trust, any of
9 which has a main office or branch in Louisiana.

10 (b) An investment shall be considered a qualifying Louisiana investment
11 pursuant to the provisions of this Paragraph only when made by a business that meets
12 all of the following criteria:

13 (i) Issues life insurance policies.

14 (ii) Has total admitted assets under three million dollars.

15 (iii) Is domiciled, licensed, and operating in Louisiana.

16 (iv) Maintains its primary corporate office in Louisiana and has at least
17 seventy percent of its employees in Louisiana.

18 (v) Maintains its core business functions in Louisiana, which include but are
19 not limited to the utilization of review services, claim payment processes, customer
20 processes, customer service call centers, enrollment services, information technology
21 services, and provider relations.

22 * * *

23 §842. Life, accident, health, or service insurance; health maintenance organizations;
24 Medicaid-enrolled managed care organizations; premium tax

25 A.(1) Upon the business of issuing life, accident, health, or service insurance
26 policies, or other forms of contracts or obligations covering such risks, or issuing
27 endowment policies on contracts, or other similar forms of contract obligations, the
28 annual tax shall be ~~one hundred forty dollars when the gross annual premiums are~~
29 ~~seven thousand dollars or less. When the gross annual premiums are more than seven~~

1 ~~thousand dollars, the amount of tax payable shall be increased to two hundred~~
2 ~~twenty-five dollars for each additional ten thousand dollars, or fraction thereof, of~~
3 ~~gross annual premiums~~ one and sixth tenths percent of gross annual written
4 premiums. The business of issuing each of the kinds of insurance or contracts
5 mentioned in this Section may be combined under one tax, and the amount of the tax
6 shall be based on the combined gross annual premiums of all such businesses.

7 * * *

8 (3)(a) Beginning January 1, 2027, and each January 1 thereafter, if the sum
9 of the prior year's actual premium tax collections and actual retaliatory tax
10 collections exceed the sum of the 2024 calendar year actual premium tax collections
11 and actual retaliatory tax collections, the insurance premium tax rate provided for in
12 this Section shall be reduced by an amount equal to two-tenths of one percent.

13 (b) When the provisions of this Paragraph require a reduction in the
14 insurance premium tax rate, the commissioner of insurance shall publish notice of
15 the reduced rate on the Department of Insurance website.

16 * * *

17 §855. Quoted premium shall include all charges; dollar amount required

18 A. The premium quoted by the insurer shall be a specific dollar amount
19 which shall be inclusive of all fees, charges, premiums, or other consideration
20 charged for the insurance or for the procurement thereof, except that:

21 * * *

(2) The premium and premium tax on a surplus lines policy each policy shall be separately stated on the declaration page, except for policies or contracts of insurance written by health maintenance organizations subject to the tax in R.S. 22:842(B).

26 * * *

27 §2058. Powers and duties of the association

28 A. The association shall do all of the following:

29 * * *

1 (3)(a)

2 * * *

3 (iv) Up to one-half of the amount of the maximum assessment shall be offset
4 in the same manner that an offset is provided against the premium tax liability in
5 Item (b)(ii) of this Paragraph, against the assessment levied by R.S. 22:1476, if the
6 offset shall not be applied against any portion of the assessments to be deposited to
7 the credit of the Municipal Police Employees' Retirement System, the Sheriffs'
8 Pension and Relief Fund, and the Firefighters' Retirement System. To qualify for this
9 offset, the payer shall file a sworn statement with the annual report required by R.S.
10 22:791 et seq., 821 et seq., and 831 et seq., showing as of December thirty-first of
11 the reporting period that at least the following amounts of the total admitted assets
12 of the payer, less assets in an amount equal to the reserves on its policies issued in
13 foreign countries in which it is authorized to do business and which countries require
14 an investment therein as a condition of doing business, are invested and maintained
15 in qualifying Louisiana investments as defined in ~~R.S. 22:832(C)~~ R.S. 22:833(F). If
16 one-sixth of the total admitted assets of the payer are in qualifying Louisiana
17 investments, then the offset shall be sixty-six and two-thirds percent of the amount
18 otherwise assessed; if at least one-fifth of the total admitted assets of the payer are
19 in qualifying Louisiana investments, then the offset shall be seventy-five percent of
20 the amount otherwise assessed; if at least one-fourth of the total admitted assets of
21 the payer are in qualifying Louisiana investments, the offset shall be eighty-five
22 percent of the amount otherwise assessed; and if at least one-third of the total
23 admitted assets of the payer are in qualifying Louisiana investments, then the offset
24 shall be ninety-five percent of the amount otherwise assessed.

25 * * *

26 §2092. Offsets for assessments paid

27 * * *

28 B. The amount of the assessment payable shall be reduced from the amount
29 otherwise fixed in this Part if the insurer shall file a sworn statement with the annual

1 report required by R.S. 22:131 through 135 as of December thirty-first for the
2 reporting period that at least the following amounts of the total admitted assets of the
3 insurer, less assets in an amount equal to the reserves on its policies issued in foreign
4 countries in which it is authorized to do business and which countries require an
5 investment therein as a condition of doing business, are invested and maintained in
6 qualifying Louisiana investments as defined in R.S. 22:832(C) and 833(F). If
7 one-sixth of the total admitted assets of the insurer are in qualifying Louisiana
8 investments, then the offset shall be sixty-six and two-thirds percent of the amount
9 otherwise assessed. If at least one-fifth of the total admitted assets of the insurer are
10 in qualifying Louisiana investments, then the offset shall be seventy-five percent of
11 the amount otherwise assessed. If at least one-fourth of the total admitted assets of
12 the insurer are in qualifying Louisiana investments, then the offset shall be
13 eighty-five percent of the amount otherwise assessed. If at least one-third of the total
14 admitted assets of the insurer are in qualifying Louisiana investments, then the offset
15 shall be ninety-five percent of the amount otherwise assessed.

16 * * *

17 Section 2. R.S. 22:601.16(4) and 832(D) through (F) and Chapter 26 of Title 51 of
18 the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1921 through 1935, are hereby
19 repealed in their entirety.

20 Section 3. The provisions of this Act shall apply to taxable periods beginning on or
21 after January 1, 2026.

22 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 Engrossed

2025 Regular Session

Henry

Abstract: Changes the rate of insurance premium tax on fire, marine, transportation, casualty, and surety insurance policies to a flat rate; provides for automatic reductions in insurance premium tax rates if certain conditions are met; and provides relative to eligibility for insurance premium investment tax credits.

Present law imposes an insurance premium tax on fire, marine, transportation, surety, fidelity, indemnity, guaranty, workers' compensation, employers' liability, property damages, livestock, vehicle, automatic sprinkler, and burglary insurance policies and on any other non health-related 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.

Proposed law changes the graduated system of premium tax impositions on non health-related insurance policies provided in present law to a flat rate of 1.6% on gross annual premiums.

Proposed law provides that, beginning Jan. 1, 2027, and each Jan. 1 thereafter, if the sum of the prior year's actual premium tax collections and actual retaliatory tax collections exceeds that of the 2024 calendar year, the insurance premium tax rates provided in present law and proposed law for the following types of insurance issuers, respectively, shall be reduced by 0.2%:

- (1) Fire, marine, transportation, surety, fidelity, indemnity, guaranty, workers' compensation, employers' liability, property damages, livestock, vehicle, automatic sprinkler, or burglary insurance or any other non health-related insurance.
- (2) Life, accident, health, or service insurers; health maintenance organizations; Medicaid-enrolled managed care organizations.

Present law provides for tax credits based on qualifying La. investments, as defined in present law and proposed law, by insurers. Proposed law limits the availability of these credits to health maintenance organizations subject to a premium tax imposed by present law and to businesses that make qualifying La. investments, as defined in present law and proposed law, and meet all of the following criteria:

- (1) Are domiciled, licensed, and operating in La.
- (2) Maintain their primary offices in La. and have at least 60% of the combined total of their employees and corporate officers in La.
- (3) Maintain in La. their core business functions as defined in proposed law.

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

Proposed law repeals the 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 January 1, 2026.

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

Summary of Amendments Adopted by House

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

1. Reduce certain insurance premium tax rates by 0.2% beginning Jan. 1, 2027, and each Jan. 1 thereafter, if the sum of the prior year's actual premium tax

collections and actual retaliatory tax collections exceeds that of the 2024 calendar year.

2. Require the commissioner of insurance to publish on the Dept. of Insurance website notice of any reduced insurance premium tax rate implemented pursuant to proposed law.
3. Restore present law authorizing exemptions from premium taxes due from insurers based on qualifying La. investments that those companies make.
4. Restore present law authorizing a refundable insurance premium tax credit for retaliatory taxes paid by certain domestic insurers.
5. Restore present law providing for an insurance premium investment tax credit.
6. Limit the availability of the insurance premium investment tax credit to health maintenance organizations subject to a premium tax imposed by present law and to businesses that make qualifying La. investments, as defined in present law and proposed law, and meet specific criteria in proposed law.