

2016 First Extraordinary Session

HOUSE BILL NO. 124

BY REPRESENTATIVE HUNTER

TAX/INSURANCE PREMIUM: Provides for suspension of the reduction to the insurance premium tax during periods of financial exigency (Item #6)

1 AN ACT

2 To enact R.S. 22:832(F), relative to the insurance premium tax reduction; to provide for
3 suspension of the reduction during periods of financial exigency; to provide for
4 effectiveness; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:832(F) is hereby enacted to read as follows:

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

8 * * *

9 F. For purposes of this Section, "financial exigency" shall mean the periods
10 of time during which the state is operating in a budget deficit. When the state is in
11 financial exigency, the commissioner of the Department of Insurance shall suspend
12 the reductions to insurance premium tax authorized pursuant to the provisions of this
13 Section. The reductions shall remain suspended until such time that the state is no
14 longer in financial exigency. No reduction disallowed pursuant to the provisions of
15 this Subsection shall be allowed to be claimed on a late or amended return
16 subsequent to termination of the suspension.

17 Section 2. The provisions of this Act shall become effective April 1, 2016.

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 124 Original

2016 First Extraordinary Session

Hunter

Abstract: Suspends the insurance premium tax reduction for certain Louisiana investments during periods of financial exigency.

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.

Proposed law defines "financial exigency" as the period of time during which the state is operating in a budget deficit. Further directs the commissioner of the Dept. of Insurance to suspend present law during period of financial exigency and prohibits a taxpayer from claiming a disallowed reduction on a late or amended return after the period of suspension is terminated.

Effective April 1, 2016.

(Adds R.S. 22:832(F))