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## DIGEST

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HB 24 Engrossed

2016 Second Extraordinary Session

Anders

**Abstract:** Exempts health maintenance organizations from the 5% reduction to the insurance premium tax credit made in Act No. 10 of the 2016 First Extraordinary Session and provides for qualifying Louisiana investments.

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) A 85% tax credit for investment of 25% of assets.
- (4) A 95% tax credit for investment of 33% of assets.

Present law provides for a 5% reduction of the tax credit authorized in present law 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.

Present law defines "qualified La. investment" as:

- (1) Bonded debt issued with approval by the La. State Bond Commission.
- (2) Mortgages on property located in this state.
- (3) Real property located in this state.
- (4) Policy loans and other loans to residents and corporations domiciled in La.
- (5) Common or preferred stock in corporations domiciled in this state.

Proposed law exempts health maintenance organizations from the 5% reduction of the tax credit. Further authorizes, for taxable years beginning on or after Jan. 1, 2017, and before Jan. 1, 2019, the following as "qualified La. investments" for health maintenance organizations:

- (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.

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

(Amends R.S. 22:832(A)(3); Adds R.S. 22:832(C)(6))