

Regular Session, 2011

HOUSE BILL NO. 147

BY REPRESENTATIVE ROY

TAX CREDITS: Provides an income tax credit for certain small employers which pay health insurance premiums for employees and reduces the amount of the premium tax credit for insurers which invest their assets in La.

1 AN ACT

2 To amend and reenact R.S. 22:832(B) and to enact R.S. 47:6038, relative to tax credits; to  
3 provide for a credit against income taxes for certain employers which pay for health  
4 insurance premiums for employees; to provide for the amount of and eligibility for  
5 the credit; to provide for the amount of the credit against insurance premium tax  
6 available for insurers which invest assets in qualifying Louisiana investments; to  
7 authorize the promulgation of rules; to provide for an effective date; and to provide  
8 for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 22:832(B) is hereby amended and reenacted to read as follows:

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

12 \* \* \*

13 B. If one-sixth of the total admitted assets of the payer are in qualifying  
14 Louisiana investments, then the tax payable shall be ~~thirty-three and one-third~~ thirty-  
15 eight percent of the amount otherwise fixed in this Part; if at least one-fifth of the  
16 total admitted assets of the payer are in qualifying Louisiana investments, then the  
17 tax payable shall be ~~twenty-five~~ twenty-nine percent of the amount otherwise fixed  
18 in this Part; if at least one-fourth of the total admitted assets of the payer are in  
19 qualifying Louisiana investments, the tax payable shall be ~~fifteen~~ seventeen percent  
20 of the amount otherwise fixed in this Part; and if at least one-third of the total

1 admitted assets of the payer are in qualifying Louisiana investments, then the tax  
2 payable shall be ~~five~~ six percent of the amount otherwise fixed in this Part. The  
3 provisions of this Subsection shall be applicable for all taxable periods beginning on  
4 and after January 1, 2012.

5 \* \* \*

6 Section 2. R.S. 47:6038 is hereby enacted to read as follows:

7 §6038. Tax credit for employee health insurance premiums paid by small businesses

8 A. There shall be a credit against Louisiana income tax for health insurance  
9 premiums paid directly by an employer for the benefit of employees. For purposes  
10 of this Section, the term "employer" shall mean any person who employs no more  
11 than ten persons.

12 B. The total amount of the tax credit for any one taxable period shall not  
13 exceed thirty percent of the total amount of health insurance premiums paid by the  
14 employer on behalf of employees during such taxable period. The credit is only  
15 available for premiums paid by the employer for health insurance coverage for the  
16 employees. No credit may be taken for premiums paid for coverage for dependants.

17 C. The secretary of the Department of Revenue is authorized to promulgate  
18 rules in accordance with the Administrative Procedure Act as are necessary to carry  
19 out the provisions of this Section.

20 D. The provisions of this Section shall be applicable for all taxable periods  
21 beginning on and after January 1, 2012.

---

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)]

---

Roy

HB No. 147

**Abstract:** Provides an income tax credit for small businesses which pay health insurance premiums for employees and reduces the amount of the premium tax credit for insurers which invest assets in qualifying La. investments.

Proposed law provides for a credit against La. income tax of up to 30% of health insurance premiums paid directly by an employer on behalf of employees during a taxable period.

Proposed law limits the credit to premiums paid for employees and excludes any premiums paid for coverage of dependants.

Proposed law defines "employer" to mean any person who employs no more than 10 employees.

Proposed law authorizes rulemaking by the Dept. of Revenue.

Present law provides a credit against the premium tax liability of La. insurers who invest a portion of their total admitted assets in qualifying La. investments. The amount of the credit is based upon the amount of assets which are invested.

- (1) For investment of 1/6 of the assets, the premium tax liability is reduced to 33% of the amount of tax otherwise fixed by present law. (66% tax credit)
- (2) For investment of 1/5 of the assets, the premium tax liability is reduced to 25% of the amount of tax otherwise fixed by present law. (75% tax credit)
- (3) For investment of 1/4 of the assets, the premium tax liability is reduced to 15% of the amount of tax otherwise fixed by present law. (85% tax credit)
- (4) For investment of 1/3 of the assets, the premium tax liability is reduced to 5% of the amount of tax otherwise fixed by present law. (95% tax credit)

Proposed law changes present law by reducing the amount of credit against premium tax as follows:

- (1) For investment of 1/6 of the assets, the reduction in the premium tax liability is changed from 66% to 62%.
- (2) For investment of 1/5 of the assets the reduction in the premium tax liability is changed from 75% to 71%.
- (3) For investment of 1/4 of the assets the reduction in the premium tax liability is changed from 85% to 83%.
- (4) For investment of 1/3 of the reduction in the premium tax liability is changed from 95% to 94%.

Applicable for all taxable periods beginning on and after Jan. 1, 2012.

(Amends R.S. 22:832(B); Adds R.S. 47:6038)