

2016 First Extraordinary Session

HOUSE BILL NO. 56

BY REPRESENTATIVE ANDERS

TAX/INSURANCE PREMIUM: Reduces the amount of the insurance premium tax for certain Louisiana investments (Item #6)

1 AN ACT

2 To amend and reenact R.S. 22:832(A), (B), and (C), relative to insurance premium tax; to
3 provide for a reduction of the tax due in certain circumstances; to provide for the
4 definition of a qualifying Louisiana investment; to provide for an effective date; and
5 to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:832(A), (B), and (C) are hereby amended and reenacted to read
8 as follows:

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

10 A. The amount of the tax payable shall be reduced from the amount
11 otherwise fixed in this Part if the payer files a sworn statement with the annual report
12 required by this Part showing as of the end of each fiscal quarter reporting period
13 that at least the following amounts of the total admitted assets of the payer, less
14 assets in an amount equal to the reserves on its policies issued in foreign countries
15 in which it is authorized to do business and which countries require an investment
16 therein as a condition of doing business, are invested and maintained in qualifying
17 Louisiana investments as hereinafter defined in Subsection C of this Section. The
18 amount of tax credit granted in Subsection B of this Section shall be based on the
19 average of the percentage of qualifying Louisiana ~~securities~~ investments held at the
20 end of each fiscal quarter for the fiscal year.

1 B.(1) If one-sixth of the total admitted assets of the payer are in qualifying
2 Louisiana investments, then the tax payable shall be thirty-three and one-third
3 percent of the amount otherwise fixed in this Part; if at least one-fifth of the total
4 admitted assets of the payer are in qualifying Louisiana investments, then the tax
5 payable shall be twenty-five percent of the amount otherwise fixed in this Part; if at
6 least one-fourth of the total admitted assets of the payer are in qualifying Louisiana
7 investments, the tax payable shall be fifteen percent of the amount otherwise fixed
8 in this Part; and if at least one-third of the total admitted assets of the payer are in
9 qualifying Louisiana investments, then the tax payable shall be five percent of the
10 amount otherwise fixed in this Part.

11 (2) Notwithstanding any other provision of law to the contrary, for any
12 taxable year beginning on or after January 1, 2016, and before January 1, 2018, the
13 amount of the tax credit as determined by Paragraph (1) of this Subsection shall be
14 reduced by ten percent.

15 C. For the purposes of this Part, "a qualifying Louisiana investment" is
16 hereby defined as:

17 ~~(1) Certificates of deposit issued in Louisiana by any bank or savings and~~
18 ~~loan association or savings bank, any of which are operating in the state of Louisiana~~
19 ~~or a trust company operating in the state of Louisiana with a main office or one or~~
20 ~~more branches where the trust company holds such funds in trust and invests them~~
21 ~~in certificates of deposit issued by a bank, savings and loan association or savings~~
22 ~~bank operating in the state of Louisiana with a main office or one or more branches.~~

23 (2) Bonds of this state or bonds of municipal, school, road, or levee districts,
24 or other political subdivisions of this state or bonds approved for issue by the
25 Louisiana State Bond Commission;

26 ~~(3)~~ (2) Mortgages on property located in this state;

27 ~~(4)~~ (3) Real property located in this state;

28 ~~(5)~~ (4) Policy loans to residents of Louisiana, or other loans to residents of
29 this state, or to corporations domiciled in this state;

1 ~~(6)~~ (5) Common or preferred stock in corporations domiciled in this state;
2 and.

3 ~~(7)~~ Cash on deposit in an account in Louisiana in any bank or savings and
4 loan association, or savings bank, or trust company holding such funds in trust,
5 operating in the state of Louisiana with a main office or one or more branches.

6 * * *

7 Section 2. This Act shall become effective upon signature by the governor or, if not
8 signed by the governor, upon expiration of the time for bills to become law without signature
9 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
10 vetoed by the governor and subsequently approved by the legislature, this Act shall become
11 effective on the day following such approval.

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 56 Original 2016 First Extraordinary Session Anders

Abstract: Reduces the amount of the insurance premium tax credit by 10% for any tax year beginning on or after Jan. 1, 2016, and before Jan. 1, 2018 and eliminates certain certificates of deposit and cash on deposit as qualified La. 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) An 85% tax credit for investment of 25% of assets.
- (4) A 95% tax credit for investment of 33% of assets.

Present law defines "qualified La. investment" as:

- (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) Bonded debt issued with approval by the La. State Bond Commission.
- (3) Mortgages on property located in this state.
- (4) Real property located in this state.

- (5) Policy loans and other loans to residents and corporations domiciled in La.
- (6) Common or preferred stock in corporations domiciled in this state.
- (7) 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.

Proposed law deletes from present law the following investments:

- (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.

Proposed law reduces the tax credit as determined in present law by 10% for any tax year beginning on or after Jan. 1, 2016, and before Jan. 1, 2018.

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

(Amends R.S. 22:832(A), (B), and (C))