

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 475** HLS 25RS 478

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|--|---------|--------------------------------|
| Date: May 5, 2025 | 6:13 PM | Author: FIRMENT |
| Dept./Agy.: Insurance | | Analyst: Deborah Vivien |
| Subject: Expands and extends the retaliatory premium tax credit | | |

TAX CREDITS

EG SEE FISC NOTE GF RV

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Increases the maximum amount of insurance premium tax credits for retaliatory taxes paid by certain domestic insurers that may be claimed in a fiscal year and extends the sunset date of the credit

Current law authorizes a refundable, transferable (within a holding company) 100% premium tax credit for any retaliatory taxes paid to other states by insurance companies domiciled in Louisiana and authorized to write insurance (and do write at least one policy) in at least one other state as of July 1, 2023. The credit is capped at \$9 M per year with a 10-year carryforward for credits in excess of the cap. The credit was first available for taxes paid on CY 2025 premiums and sunsets on December 31, 2029.

Proposed law retains current law and extends the sunset of the retaliatory tax credit for an additional 5 years to December 31, 2034.

Considering Amendment #1734 adopted in Ways & Means 4/28/25

| EXPENDITURES | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 5 -YEAR TOTAL |
|---------------------|------------|------------|------------|------------|------------|---------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 5 -YEAR TOTAL |
|---------------------|------------|------------|------------|------------|------------------|---------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | SEE BELOW | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The first year of existing retaliatory tax credits is finalizing now with claims reaching the \$9 M cap. The basis of the credit is the retaliatory tax that insurers must pay to other states because premium tax rates (state and local combined) in other states are lower than those in Louisiana. The bill does not change premium tax rates in the state. The bill extends the retaliatory tax credit from tax year 2030 through tax year 2034 with fiscal impacts expected primarily in FY 31-FY 34. which are outside of the fiscal note horizon. **It is expected that the bill's extension of the retaliatory tax credit through tax year 2035 will reduce SGF by \$9 M annually in FY 31 through FY 35, though the bill's impacts cannot appear in the revenue table above.**

Senate

Dual Referral Rules

- 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
- 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House

- 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
- 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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