

2023 Regular Session

HOUSE BILL NO. 513

BY REPRESENTATIVE MAGEE

TAX CREDITS: Establishes an insurance premium tax credit for retaliatory taxes paid by certain domestic insurers

1 AN ACT

2 To amend and reenact R.S. 22:836, relative to insurance premium tax credits; to authorize
3 an insurance premium tax credit under certain circumstances; to provide for the
4 amount of the credit; to provide for definitions; to authorize the transfer or sale of
5 certain credits; to authorize the promulgation of rules; to provide for an effective
6 date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 22:836 is hereby amended and reenacted to read as follows:

9 §836. Retaliatory taxes and fees; insurance premium tax credits for retaliatory taxes
10 paid by certain domestic insurers

11 A. When, by the laws of any other state, any taxes, fines, penalties, licenses,
12 deposits, or other obligations or prohibitions, additional to or in excess of those
13 imposed by the laws of this state upon insurers organized under the laws of other
14 states, are imposed or would be imposed on insurers of this state, the same taxes,
15 fines, penalties, licenses, deposits, and other obligations or prohibitions shall be
16 imposed upon all insurers of such state as long as such laws remain in force. Every
17 insurer organized under the laws of any other state and admitted to transact business
18 in this state shall pay the same fees to the commissioner of insurance of this state as
19 such other state may require of any similar insurer incorporated by or organized
20 under the laws of this state. Alien insurers shall pay the same fees as are imposed

1 in the state where the deposit is made under of R.S. 22:333(C). Assessments by
2 insurance guaranty associations or similar organizations are not considered in
3 determining retaliatory taxation.

4 B.(1) A Louisiana domestic insurer which is authorized to write and does
5 write insurance in Louisiana and in at least one other state as of July 1, 2023, shall
6 be allowed a credit for the amount of any retaliatory tax paid to any other state as a
7 result of the laws of such state. The credit shall apply against the domestic insurer's
8 state premium tax liability as defined in R.S. 47:6016.1(B)(12) and any unused
9 amounts of the credit may be carried forward for future premium tax liability for a
10 period not to exceed ten years. Any credits not previously claimed by a domestic
11 insurer against premium tax liability may be transferred to an affiliated insurer or
12 may be sold to another Louisiana taxpayer subject to the same requirements provided
13 for in R.S. 47:6016.1(D).

14 (2) The credit established pursuant to the provisions of this Subsection shall
15 be administered by the commissioner of insurance. The commissioner may
16 promulgate rules in accordance with the Administrative Procedure Act as are
17 necessary to implement the provisions of this Subsection subject to oversight by the
18 House Committee on Ways and Means and the Senate Committee on Revenue and
19 Fiscal Affairs.

20 (3) No credit authorized pursuant to the provisions of this Section shall be
21 allowed for retaliatory taxes incurred or paid after December 31, 2029.

22 Section 2. This Act shall become effective upon signature by the governor or, if not
23 signed by the governor, upon expiration of the time for bills to become law without signature
24 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
25 vetoed by the governor and subsequently approved by the legislature, this Act shall become
26 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 513 Reengrossed

2023 Regular Session

Magee

Abstract: Authorizes an insurance premium tax credit for retaliatory taxes paid to any other state by a La. domestic insurer which is authorized to write and does write insurance in La. and in at least one other state.

Present law with regard to retaliatory fees, provides that when any other state imposes additional fees, taxes, or penalties on La. insurers doing business in the other state, La. shall impose the same additional fees, taxes, and penalties on the other state's insurers doing business in La. Present law requires insurers organized under other state's laws that are admitted to transact business in La. to pay the same fees to the commissioner of insurance as any other state may require of any similar insurer incorporated by or organized under the laws of La.

Proposed law retains present law.

Proposed law establishes an insurance premium tax credit for any La. domestic insurer that is authorized to write and does write insurance in this state and writes insurance in at least one other state as of July 1, 2023. The amount of the credit is the amount of any retaliatory tax paid to any other state.

Proposed law provides that the credit shall apply against the domestic insurer's state premium tax liability. Further provides that unused amounts of the credit may be carried forward for future premium tax liability for a period not to exceed 10 years or the domestic insurer may transfer unclaimed amounts of the credit to an affiliated insurer or may sell unclaimed amounts of the credit to another La. taxpayer. Transfers and sales of unused tax credit amounts shall be subject to the same requirements provided for in present law for the La. New Markets Jobs Act (R.S. 47:6016.1(D)).

Proposed law requires the credit established in proposed law to be administered by the commissioner of insurance. Proposed law authorizes the commissioner to promulgate rules in accordance with present law (Administrative Procedure Act) as are necessary to implement the provisions of proposed law, subject to oversight by the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs.

Proposed law prohibits a credit established in proposed law from being allowed for retaliatory taxes incurred or paid after Dec. 31, 2029.

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

(Amends R.S. 22:836)

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Change administration of the credit from the Dept. of Revenue (DOR) to the commissioner of insurance.

2. Change authorization for the promulgation of rules from DOR to the commissioner of insurance subject to oversight by the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs.
3. Prohibit credits established in proposed law from being allowed for retaliatory taxes incurred or paid after Dec. 31, 2029.