

2025 Regular Session

HOUSE BILL NO. 594

BY REPRESENTATIVE HENRY

TAX/INSURANCE PREMIUM: Establishes a flat rate of insurance premium tax and provides relative to certain insurance premium tax credits and exemptions

1 AN ACT

2 To amend and reenact R.S. 22:831(A)(1), 832(A)(2) and (3), (B), and (C)(introductory
3 paragraph), (6)(introductory paragraph), and (7)(a)(introductory paragraph),
4 833(B)(2), 855(A)(2), 2058(A)(3)(a)(iv), and 2092(B), to enact R.S. 22:831(A)(3)
5 and 833(F), and to repeal R.S. 22:601.16(4) and 832(D) through (F) and Chapter 26
6 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1921
7 through 1935, relative to insurance premium taxes; to provide for insurance premium
8 tax rates; to provide for credits and other tax preferences applicable to insurance
9 premium tax liability; to repeal the tax credit for retaliatory taxes paid by certain
10 domestic insurers; to repeal the Louisiana Capital Companies Tax Credit Program;
11 to provide for applicability; to provide for effectiveness; and to provide for related
12 matters.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 22:831(A)(1), 832(A)(2) and (3), (B), and (C)(introductory
15 paragraph), (6)(introductory paragraph), and (7)(a)(introductory paragraph), 833(B)(2),
16 855(A)(2), 2058(A)(3)(a)(iv), and 2092(B) are hereby amended and reenacted and R.S.
17 22:831(A)(3) and 833(F) are hereby enacted to read as follows:

18 §831. Fire, marine, transportation, casualty, surety, or other insurance; premium tax
19 A.(1) Upon the business of issuing policies, contracts, or other forms of
20 obligations covering the risk of fire, marine, transportation, surety, fidelity,

1 indemnity, guaranty, workers' compensation, employers' liability, property damages,
2 livestock, vehicle, automatic sprinkler, burglary, or insurance of any other kind
3 whatsoever in this state not otherwise provided for in this Part, the ~~minimum~~ annual
4 tax shall be ~~one hundred eighty-five dollars when the gross annual premiums shall~~
5 ~~be six thousand dollars or less; and when the gross annual premiums shall be more~~
6 ~~than six thousand dollars, the amount of tax payable shall be increased to three~~
7 ~~hundred dollars for each additional ten thousand dollars, or fraction thereof, of gross~~
8 ~~annual premiums~~ at the rate of two and four-tenths percent of gross annual written
9 premiums. The business of issuing each of the kinds of insurance or contracts
10 mentioned in this Section may be combined under one tax, and the amount of the tax
11 shall be based on the combined gross annual premiums of all such businesses.

12 * * *

13 (3)(a) Subject to the limitation provided in Subparagraph (b) of this
14 Paragraph, beginning July 1, 2027, and each July first thereafter, if the sum of the
15 actual premium tax and retaliatory tax collections for the preceding taxable period
16 exceeds two hundred sixty-eight million dollars, the insurance premium tax rate
17 provided for in this Section for the current taxable period shall be reduced by an
18 amount equal to two tenths of one percent. The reduced rate shall be effective
19 January first of the current taxable period. When the provisions of this Paragraph
20 require a reduction in the insurance premium tax rate, the commissioner of insurance
21 shall publish notice of the reduced rate on the Department of Insurance website.

22 (b) If the insurance premium tax rate is reduced to one percent, there shall
23 be no further reductions to the rate.

24 * * *

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

26 A.

27 * * *

28 (2) The amount of ~~tax credit~~ the tax reduction granted shall be as provided
29 in Subsection B of this Section and based on the average of the percentage of

1 qualifying Louisiana investments held at the end of each fiscal quarter for the fiscal
2 year.

3 (3) ~~However, Paragraph (1) of this Subsection notwithstanding, for any~~
4 ~~taxable year beginning on or after January 1, 2016, and before January 1, 2018, for~~
5 ~~all payers, except for life insurance companies writing life insurance premiums with~~
6 ~~total admitted assets of fifteen million dollars or less and health maintenance~~
7 ~~organizations subject to the tax in R.S. 22:842(B), the amount of the tax credit~~
8 ~~granted shall not exceed ninety-five percent of the tax credit for the average~~
9 ~~percentage of qualifying Louisiana investments as provided in Subsection B of this~~
10 ~~Section.~~ For purposes of businesses issuing policies, contracts, or other forms of
11 obligations covering the risk of fire, marine, transportation, surety, fidelity,
12 indemnity, guaranty, workers' compensation, employers' liability, property damages,
13 livestock, vehicle, automatic sprinkler, burglary, or insurance of any other kind
14 whatsoever in this state not otherwise provided for in this Part, the tax reduction
15 provided for in this Section shall be applied against the tax levied pursuant to R.S.
16 22:831 and shall only be granted when the qualifying Louisiana investment is made
17 by a business that meets all of the following criteria:

18 (a) Is domiciled, licensed, and operating in Louisiana.

19 (b) Maintains its primary office in Louisiana and has at least sixty percent
20 of the combined total of its employees and corporate officers in Louisiana.

21 (c) Maintains in Louisiana its core business functions, which include but are
22 not limited to utilization review services, claim payment processes, customer
23 processes, customer service call centers, enrollment services, information technology
24 services, and provider relations.

25 * * *

26 B.(1) If one-sixth of the total admitted assets of the payer are in qualifying
27 Louisiana investments, then the tax payable shall be thirty-three and one-third
28 percent of the amount otherwise fixed in this Part; if at least one-fifth of the total
29 admitted assets of the payer are in qualifying Louisiana investments, then the tax

1 payable shall be twenty-five percent of the amount otherwise fixed in this Part; if at
2 least one-fourth of the total admitted assets of the payer are in qualifying Louisiana
3 investments, the tax payable shall be fifteen percent of the amount otherwise fixed
4 in this Part; and if at least one-third of the total admitted assets of the payer are in
5 qualifying Louisiana investments, then the tax payable shall be five percent of the
6 amount otherwise fixed in this Part.

7 (2) For businesses that qualify for the tax reduction provided for in
8 Paragraph (A)(3) of this Section, the rate of the tax on gross annual written
9 premiums imposed by R.S. 22:831(A) shall be reduced as follows:

10 (a) If one-sixth of the total admitted assets of the payer are in qualifying
11 Louisiana investments, then the tax payable shall be:

12 (i) Thirty-three and one-third percent of the amount otherwise fixed in this
13 Part for taxable periods prior to January 1, 2026.

14 (ii) Forty-seven percent of the amount otherwise fixed in this Part for the
15 taxable period beginning January 1, 2026, and ending December 31, 2026.

16 (iii) Fifty-three percent of the amount otherwise fixed in this Part for the
17 taxable period beginning January 1, 2027, and ending December 31, 2027.

18 (iv) Sixty percent of the amount otherwise fixed in this Part for the taxable
19 period beginning January 1, 2028, and ending December 31, 2028.

20 (v) Sixty-seven percent of the amount otherwise fixed in this Part for the
21 taxable period beginning January 1, 2029, and ending December 31, 2029.

22 (vi) Seventy-three percent of the amount otherwise fixed in this Part for the
23 taxable period beginning January 1, 2030, and ending December 31, 2030.

24 (vii) Eighty percent of the amount otherwise fixed in this Part for the taxable
25 period beginning January 1, 2031, and ending December 31, 2031.

26 (viii) Eighty-seven percent of the amount otherwise fixed in this Part for the
27 taxable period beginning January 1, 2032, and ending December 31, 2032.

28 (ix) Ninety-three percent of the amount otherwise fixed in this Part for the
29 taxable period beginning January 1, 2033, and ending December 31, 2033.

1 **(b) If at least one-fifth of the total admitted assets of the payer are in**
2 **qualifying Louisiana investments, then the tax payable shall be:**

3 **(i) Twenty-five percent of the amount otherwise fixed in this Part for taxable**
4 **periods prior to January 1, 2026.**

5 **(ii) Forty percent of the amount otherwise fixed in this Part for the taxable**
6 **period beginning January 1, 2026, and ending December 31, 2026.**

7 **(iii) Forty-eight percent of the amount otherwise fixed in this Part for the**
8 **taxable period beginning January 1, 2027, and ending December 31, 2027.**

9 **(iv) Fifty-five percent of the amount otherwise fixed in this Part for the**
10 **taxable period beginning January 1, 2028, and ending December 31, 2028.**

11 **(v) Sixty-three percent of the amount otherwise fixed in this Part for the**
12 **taxable period beginning January 1, 2029, and ending December 31, 2029.**

13 **(vi) Seventy percent of the amount otherwise fixed in this Part for the taxable**
14 **period beginning January 1, 2030, and ending December 31, 2030.**

15 **(vii) Seventy-eight percent of the amount otherwise fixed in this Part for the**
16 **taxable period beginning January 1, 2031, and ending December 31, 2031.**

17 **(viii) Eighty-five percent of the amount otherwise fixed in this Part for the**
18 **taxable period beginning January 1, 2032, and ending December 31, 2032.**

19 **(ix) Ninety-three percent of the amount otherwise fixed in this Part for the**
20 **taxable period beginning January 1, 2033, and ending December 31, 2033.**

21 **(c) If at least one-fourth of the total admitted assets of the payer are in**
22 **qualifying Louisiana investments, then the tax payable shall be:**

23 **(i) Fifteen percent of the amount otherwise fixed in this Part for taxable**
24 **periods prior to January 1, 2026.**

25 **(ii) Thirty-two percent of the amount otherwise fixed in this Part for the**
26 **taxable period beginning January 1, 2026, and ending December 31, 2026.**

27 **(iii) Forty-one percent of the amount otherwise fixed in this Part for the**
28 **taxable period beginning January 1, 2027, and ending December 31, 2027.**

1 (iv) Forty-nine percent of the amount otherwise fixed in this Part for the
2 taxable period beginning January 1, 2028, and ending December 31, 2028.

3 (v) Fifty-eight percent of the amount otherwise fixed in this Part for the
4 taxable period beginning January 1, 2029, and ending December 31, 2029.

5 (vi) Sixty-six percent of the amount otherwise fixed in this Part for the
6 taxable period beginning January 1, 2030, and ending December 31, 2030.

7 (vii) Seventy-five percent of the amount otherwise fixed in this Part for the
8 taxable period beginning January 1, 2031, and ending December 31, 2031.

9 (viii) Eighty-three percent of the amount otherwise fixed in this Part for the
10 taxable period beginning January 1, 2032, and ending December 31, 2032.

11 (ix) Ninety-two percent of the amount otherwise fixed in this Part for the
12 taxable period beginning January 1, 2033, and ending December 31, 2033.

13 (d) If at least one-third of the total admitted assets of the payer are in
14 qualifying Louisiana investments, then the tax payable shall be:

15 (i) Five percent of the amount otherwise fixed in this Part for taxable periods
16 prior to January 1, 2026.

17 (ii) Twenty-four percent of the amount otherwise fixed in this Part for the
18 taxable period beginning January 1, 2026, and ending December 31, 2026.

19 (iii) Thirty-four percent of the amount otherwise fixed in this Part for the
20 taxable period beginning January 1, 2027, and ending December 31, 2027.

21 (iv) Forty-three percent of the amount otherwise fixed in this Part for the
22 taxable period beginning January 1, 2028, and ending December 31, 2028.

23 (v) Fifty-three percent of the amount otherwise fixed in this Part for the
24 taxable period beginning January 1, 2029, and ending December 31, 2029.

25 (vi) Sixty-two percent of the amount otherwise fixed in this Part for the
26 taxable period beginning January 1, 2030, and ending December 31, 2030.

27 (vii) Seventy-two percent of the amount otherwise fixed in this Part for the
28 taxable period beginning January 1, 2031, and ending December 31, 2031.

(viii) Eighty-one percent of the amount otherwise fixed in this Part for the taxable period beginning January 1, 2032, and ending December 31, 2032.

(ix) Ninety-one percent of the amount otherwise fixed in this Part for the taxable period beginning January 1, 2033, and ending December 31, 2033.

(e) Beginning January 1, 2034, there shall be no credit granted or rate reduction allowed pursuant to the provisions of this Section.

C. For the purposes of this Part, ~~beginning January 1, 2017~~, "a qualifying Louisiana investment" is hereby defined as:

* * *

(6) In addition to the investments provided for in Paragraphs (1) through (5) of this Subsection, for purposes of health maintenance organizations subject to the tax in R.S. 22:842(B), ~~for taxable years beginning on or after January 1, 2017, "a~~ qualifying Louisiana investment" is hereby further defined as:

* * *

(7)(a) For purposes of businesses issuing life insurance policies subject to the tax in R.S. 22:842(A), ~~for taxable years beginning on or after January 1, 2024,~~ "a qualifying Louisiana investment" is defined as:

* * *

§833. Authorization of local taxes; penalties for nonpayment

* * *

B. The maximum tax on such businesses, payable to such municipality or parochial corporation by any insurer, shall not exceed nine thousand dollars. Provided, that:

* * *

(2) The amount of tax payable to any municipal or parochial corporation as fixed in this Section shall be one-third of the amount so fixed if the payer shall file a sworn statement with the annual report required by this Part, showing that at least one-sixth of the total admitted assets of the payer, are invested and maintained in

1 qualifying Louisiana investments as defined in ~~R.S. 22:832(C)~~ Subsection F of this
2 Section.

3 * * *

4 F.(1) For purposes of this Part, a "qualifying Louisiana investment" is
5 defined as any of the following:

6 (a) Certificates of deposit issued in Louisiana by any bank, savings and loan
7 association, or savings bank, any of which has a main office or branch in Louisiana,
8 or by a trust company with a main office or branch in Louisiana if the trust company
9 holds such funds in trust and invests them in certificates of deposit issued by a bank,
10 savings and loan association, or savings bank with a main office or branch in
11 Louisiana.

12 (b) Cash on deposit in an account in Louisiana in any bank, savings and loan
13 association, or savings bank, or a trust company holding such funds in trust, any of
14 which has a main office or branch in Louisiana.

15 (2) Investments shall be considered as qualifying Louisiana investments only
16 when made by a health maintenance organization that meets all of the following
17 criteria:

18 (a) Offers fully insured commercial or Medicare Advantage products.

19 (b) Is domiciled, licensed, and operating in this state.

20 (c) Maintains its primary corporate office and at least seventy percent of its
21 employees in this state.

22 (d) Maintains its core business functions in this state which may include
23 utilization review services, claim payment processes, customer processes, customer
24 service call centers, enrollment services, information technology services, and
25 provider relations.

26 (3)(a) For purposes of businesses issuing life insurance policies subject to the
27 tax in R.S. 22:842(A), for taxable years beginning on or after January 1, 2024, "a
28 qualifying Louisiana investment" is defined as any of the following:

(i) Certificates of deposit issued in Louisiana by any bank, savings and loan association, or savings bank, any of which has a main office or branch in Louisiana, or by a trust company with a main office or branch in Louisiana if the trust company holds funds in trust and invests them in certificates of deposit issued by a bank, savings and loan association, or savings bank with a main office or branch in Louisiana.

(ii) Cash on deposit in an account in Louisiana with any bank, savings and loan association, or savings bank, or a trust company holding funds in trust, any of which has a main office or branch in Louisiana.

(b) An investment shall be considered a qualifying Louisiana investment pursuant to the provisions of this Paragraph only when made by a business that meets all of the following criteria:

(i) Issues life insurance policies.

(ii) Has total admitted assets under three million dollars.

(iii) Is domiciled, licensed, and operating in Louisiana.

(iv) Maintains its primary corporate office in Louisiana and has at least
seventy percent of its employees in Louisiana.

(v) Maintains its core business functions in Louisiana, which include but are not limited to the utilization of review services, claim payment processes, customer processes, customer service call centers, enrollment services, information technology services, and provider relations.

* * *

§855. Quoted premium shall include all charges; dollar amount required

A. The premium quoted by the insurer shall be a specific dollar amount which shall be inclusive of all fees, charges, premiums, or other consideration charged for the insurance or for the procurement thereof, except that:

* * *

(2) The premium and premium tax on a surplus lines policy each policy shall be separately stated on the declaration page, except for policies or contracts of

insurance written by health maintenance organizations subject to the tax in R.S.
22:842(B).

* * *

§2058. Powers and duties of the association

A. The association shall do all of the following:

* * *

(3)(a)

* * *

(iv) Up to one-half of the amount of the maximum assessment shall be offset in the same manner that an offset is provided against the premium tax liability in Item (b)(ii) of this Paragraph, against the assessment levied by R.S. 22:1476, if the offset shall not be applied against any portion of the assessments to be deposited to the credit of the Municipal Police Employees' Retirement System, the Sheriffs' Pension and Relief Fund, and the Firefighters' Retirement System. To qualify for this offset, the payer shall file a sworn statement with the annual report required by R.S. 22:791 et seq., 821 et seq., and 831 et seq., showing as of December thirty-first of the reporting period that at least the following amounts of the total admitted assets of the payer, less assets in an amount equal to the reserves on its policies issued in foreign countries in which it is authorized to do business and which countries require an investment therein as a condition of doing business, are invested and maintained in qualifying Louisiana investments as defined in ~~R.S. 22:832(C)~~ R.S. 22:833(F). If one-sixth of the total admitted assets of the payer are in qualifying Louisiana investments, then the offset shall be sixty-six and two-thirds percent of the amount otherwise assessed; if at least one-fifth of the total admitted assets of the payer are in qualifying Louisiana investments, then the offset shall be seventy-five percent of the amount otherwise assessed; if at least one-fourth of the total admitted assets of the payer are in qualifying Louisiana investments, the offset shall be eighty-five percent of the amount otherwise assessed; and if at least one-third of the total

admitted assets of the payer are in qualifying Louisiana investments, then the offset shall be ninety-five percent of the amount otherwise assessed.

* * *

§2092. Offsets for assessments paid

* * *

B. The amount of the assessment payable shall be reduced from the amount otherwise fixed in this Part if the insurer shall file a sworn statement with the annual report required by R.S. 22:131 through 135 as of December thirty-first for the reporting period that at least the following amounts of the total admitted assets of the insurer, less assets in an amount equal to the reserves on its policies issued in foreign countries in which it is authorized to do business and which countries require an investment therein as a condition of doing business, are invested and maintained in qualifying Louisiana investments as defined in R.S. 22:832(C) and 833(F). If one-sixth of the total admitted assets of the insurer are in qualifying Louisiana investments, then the offset shall be sixty-six and two-thirds percent of the amount otherwise assessed. If at least one-fifth of the total admitted assets of the insurer are in qualifying Louisiana investments, then the offset shall be seventy-five percent of the amount otherwise assessed. If at least one-fourth of the total admitted assets of the insurer are in qualifying Louisiana investments, then the offset shall be eighty-five percent of the amount otherwise assessed. If at least one-third of the total admitted assets of the insurer are in qualifying Louisiana investments, then the offset shall be ninety-five percent of the amount otherwise assessed.

* * *

Section 2. R.S. 22:601.16(4) and 832(D) through (F) and Chapter 26 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1921 through 1935, are hereby repealed in their entirety.

Section 3. The provisions of this Act shall apply to taxable periods beginning on or after January 1, 2026.

Section 4. This Act shall become effective on January 1, 2026.

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 594 Reengrossed

2025 Regular Session

Henry

Abstract: Changes the rate of insurance premium tax on property and casualty insurance policies to a flat rate; provides for automatic rate reductions if certain conditions are met; and provides relative to rate reductions for property and casualty insurers based on qualifying La. investments.

Present law imposes an insurance premium tax on fire, marine, transportation, surety, fidelity, indemnity, guaranty, workers' compensation, employers' liability, property damages, livestock, vehicle, automatic sprinkler, and burglary insurance policies and on any other non health-related insurance policies (all commonly referred to, collectively, as "property and casualty insurance"). Provides that the minimum annual tax is \$185 dollars if annual premiums are \$6,000 or less; and if annual premiums are more than \$6,000, the amount of tax payable shall be increased to \$300 for each additional \$10,000, or fraction thereof, of gross annual premiums.

Proposed law changes the graduated system of premium tax impositions on property and casualty insurance policies to a flat rate of 2.4% on gross annual written premiums.

Proposed law provides that, beginning July 1, 2027, and each July first thereafter, if the sum of actual premium tax and retaliatory tax collections for the preceding taxable period exceeds \$268M, the insurance premium tax rate provided for in proposed law for the current taxable period shall be reduced by 0.2%. Stipulates, however, that the rate shall never be reduced to less than 1%.

Proposed law provides that any reduced rate calculated according to proposed law shall be effective Jan. first of the current taxable period. Requires the commissioner of insurance to publish notice of the reduced rate on the Dept. of Insurance website.

Present law provides for tax credits and premium tax rate reductions based on qualifying La. investments, as defined in present law, made by insurers. Proposed law establishes a schedule for premium tax rate reductions for property and casualty insurers based on qualifying La. investments, but phases out those reductions by 2034.

Proposed law requires insurers to separately state premium taxes on their declaration pages, extending a requirement of present law applicable only to surplus lines.

Proposed law repeals the La. Capital Companies Tax Credit Program. (R.S. 51:1921 et seq.)

Proposed law applies to taxable periods beginning on or after Jan. 1, 2026.

Effective January 1, 2026.

(Amends R.S. 22:831(A)(1), 832(A)(2) and (3), (B), and (C)(intro. para.), (6)(intro. para.), and (7)(a)(intro. para.), 833(B)(2), 855(A)(2), 2058(A)(3)(a)(iv), and 2092(B); Adds R.S. 22:831(A)(3) and 833(F); Repeals R.S. 22:601.16(4) and 832(D)-(F) and R.S. 51:1921-1935)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Reduce certain insurance premium tax rates by 0.2% beginning Jan. 1, 2027, and each Jan. 1 thereafter, if the sum of the prior year's actual premium tax collections and actual retaliatory tax collections exceeds that of the 2024 calendar year.
2. Require the commissioner of insurance to publish on the Dept. of Insurance website notice of any reduced insurance premium tax rate implemented pursuant to proposed law.
3. Restore present law authorizing exemptions from premium taxes due from insurers based on qualifying La. investments that those companies make.
4. Restore present law authorizing a refundable insurance premium tax credit for retaliatory taxes paid by certain domestic insurers.
5. Restore present law providing for an insurance premium investment tax credit.
6. Limit the availability of the insurance premium investment tax credit to health maintenance organizations subject to a premium tax imposed by present law and to businesses that make qualifying La. investments, as defined in present law and proposed law, and meet specific criteria in proposed law.

The Committee Amendments Proposed by House Committee on Appropriations to the engrossed bill:

1. Change the flat rate of premium tax on gross annual premiums established by proposed law for property and casualty insurance from 1.6% to 2.4%.
2. Change the basis for the trigger established in proposed law for automatic reductions in the property and casualty premium tax rate.
3. Prohibit the premium tax levied on property and casualty insurance policies from being reduced below 1%.
4. Establish a schedule for annual premium tax rate reductions for property and casualty insurers based on those companies' qualifying La. investments and phase-out those reductions by 2034.
5. Restore present law establishing criteria by which insurance company investments may be deemed qualifying La. investments.
6. Delete provisions of proposed law relative to life, health, and accident insurance.