

2025 Regular Session

HOUSE BILL NO. 594

BY REPRESENTATIVES HENRY, AMEDEE, BILLINGS, BOYER, BUTLER,
DOMANGUE, FIRMENT, HORTON, JACOB LANDRY, SCHAMERHORN,
SPELL, WILDER, AND WYBLE

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:

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

A.

* * *

(2) The amount of ~~tax credit~~ the tax reduction granted shall be as provided in Subsection B of this Section and based on the average of the percentage of qualifying Louisiana investments held at the end of each fiscal quarter for the fiscal year.

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

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

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

(c) Maintains in Louisiana its core business functions, which include but are
not limited to utilization review services, claim payment processes, customer

1 processes, customer service call centers, enrollment services, information technology
2 services, and provider relations.

3 * * *

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

14 (2) Except as provided in Subparagraph (f) of this Paragraph, for businesses
15 that qualify for the tax reduction provided for in Paragraph (A)(3) of this Section, the
16 rate of the tax on gross annual written premiums imposed by R.S. 22:831(A) shall
17 be reduced as follows:

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

20 (i) Thirty-three and one-third percent of the amount otherwise fixed in this
21 Part for taxable periods prior to January 1, 2029.

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

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

26 (iv) Eighty-three percent of the amount otherwise fixed in this Part for the
27 taxable period beginning January 1, 2031, and ending December 31, 2031.

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

1 (i) Twenty-five percent of the amount otherwise fixed in this Part for taxable
2 periods prior to January 1, 2029.

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

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

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

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

11 (i) Fifteen percent of the amount otherwise fixed in this Part for taxable
12 periods prior to January 1, 2029.

13 (ii) Thirty-six percent of the amount otherwise fixed in this Part for the
14 taxable period beginning January 1, 2029, and ending December 31, 2029.

15 (iii) Fifty-eight percent of the amount otherwise fixed in this Part for the
16 taxable period beginning January 1, 2030, and ending December 31, 2030.

17 (iv) Seventy-nine percent of the amount otherwise fixed in this Part for the
18 taxable period beginning January 1, 2031, and ending December 31, 2031.

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

21 (i) Five percent of the amount otherwise fixed in this Part for taxable periods
22 prior to January 1, 2029.

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

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

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

(e) Beginning January 1, 2032, there shall be no credit granted or rate reduction allowed pursuant to the provisions of this Section.

(f) Notwithstanding any provisions of this Section to the contrary, for taxable periods beginning on or after January 1, 2026, and ending on or before December 31, 2028, the tax reduction provided for in Paragraph (A)(3) of this Section for any business shall not exceed the dollar amount of the reduction allowed on the business's 2024 Annual Premium Tax Statement.

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:

6 (a) Bonds of this state or bonds of municipal, school, road, or levee districts,
7 or other political subdivisions of this state or bonds approved for issue by the State
8 Bond Commission.

9 (b) Mortgages on property located in this state.

10 (c) Real property located in this state.

11 (d) Policy loans to residents of Louisiana, or other loans to residents of this
12 state, or to corporations domiciled in this state.

13 (e) Common or preferred stock in corporations domiciled in this state.

14 (2)(a) In addition to the investments provided for in Paragraph (1) of this
15 Subsection, for purposes of health maintenance organizations subject to the tax in
16 R.S. 22:842(B), a "qualifying Louisiana investment" shall also include:

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

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

26 (b) Investments shall be considered as qualifying Louisiana investments only
27 when made by a health maintenance organization that meets all of the following
28 criteria:

29 (i) Offers fully insured commercial or Medicare Advantage products.

1 (ii) Is domiciled, licensed, and operating in this state.

2 (iii) Maintains its primary corporate office and has at least seventy percent
3 of its employees in this state.

4 (iv) Maintains in this state its core business functions which may include
5 utilization review services, claim payment processes, customer processes, customer
6 service call centers, enrollment services, information technology services, and
7 provider relations.

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

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

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

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

23 (i) Issues life insurance policies.

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

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

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

28 (v) Maintains its core business functions in Louisiana, which include but are
29 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, and any fees imposed pursuant to this Title 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

1 an investment therein as a condition of doing business, are invested and maintained
2 in qualifying Louisiana investments as defined in ~~R.S. 22:832(C)~~ R.S. 22:833(F). If
3 one-sixth of the total admitted assets of the payer are in qualifying Louisiana
4 investments, then the offset shall be sixty-six and two-thirds percent of the amount
5 otherwise assessed; if at least one-fifth of the total admitted assets of the payer are
6 in qualifying Louisiana investments, then the offset shall be seventy-five percent of
7 the amount otherwise assessed; if at least one-fourth of the total admitted assets of
8 the payer are in qualifying Louisiana investments, the offset shall be eighty-five
9 percent of the amount otherwise assessed; and if at least one-third of the total
10 admitted assets of the payer are in qualifying Louisiana investments, then the offset
11 shall be ninety-five percent of the amount otherwise assessed.

12 * * *

13 §2092. Offsets for assessments paid

14 * * *

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

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

3 * * *

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

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

9 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 Re-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 2.8% 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 \$273M, 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 from 2029 through 2031.

Proposed law stipulates that for taxable periods beginning on or after Jan. 1, 2026, and ending on or before Dec. 31, 2028, the tax reduction provided for in proposed law shall not exceed the dollar amount of the reduction allowed to a business on its 2024 Annual Premium Tax Statement.

Proposed law requires insurers to separately state premium taxes on policy declaration pages, extending a requirement of present law applicable only to surplus lines. Proposed law also requires that premium amounts and any fees on policies imposed by present law be separately stated on policy declaration pages. However, proposed law exempts policies of certain health maintenance organizations from these requirements.

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.

The House Floor Amendments to the reengrossed bill:

1. Change the flat rate of premium tax on gross annual premiums established by proposed law for property and casualty insurance from 2.4% to 2.8%.
2. Increase the prior year collections threshold constituting the basis of the premium tax rate reduction trigger from \$268M to \$273M.
3. Revise the schedule for annual premium tax rate reductions provided in proposed law for property and casualty insurers based on those companies' qualifying La. investments. Change the phase-out period for these rate reductions from 2026 through 2033 to 2029 through 2031.
4. Establish that for taxable periods beginning on or after Jan. 1, 2026, and ending on or before Dec. 31, 2028, the tax reduction provided for in proposed law shall not exceed the dollar amount of the reduction allowed to a business on its 2024 Annual Premium Tax Statement.
5. Revise criteria by which insurance company investments may be deemed qualifying La. investments in accordance with present law and proposed law.
6. Require that insurers other than certain health maintenance organizations separately state any fees on insurance policies imposed by present law on the policies' declaration pages.