
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.