

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 24

2016 Second Extraordinary Session

Anders

TAX/INSURANCE PREMIUM: Provides relative to the insurance premium tax credit (Item #6)

Synopsis of Senate Amendments

1. Authorize a 50% reduction for the tax due under present law for calendar year 2016 for certain domestic health maintenance organizations that have invested at least \$25M in bonds of the state, a political subdivision, or bonds approved for issue by the State Bond Commission. Further provide for exceptions to the reduction.

Digest of Bill as Finally Passed by Senate

Present law authorizes a credit against the insurance premium tax credit for insurers who invest a portion of their total admitted assets in La. financial institutions and investment products. The amount of the credit is graduated, with the amount increasing as the percentage of an insurer's assets invested in La. increases as follows:

- (1) A 66% tax credit for investment of 16% of assets.
- (2) A 75% tax credit for investment of 20% of assets.
- (3) A 85% tax credit for investment of 25% of assets.
- (4) A 95% tax credit for investment of 33% of assets.

Present law provides for a 5% reduction of the tax credit authorized in present law for any tax year beginning on or after Jan. 1, 2016, and before Jan. 1, 2018, unless the insurance company claiming the reduction writes life insurance premiums and has total admitted assets of \$15 million or less.

Present law defines "qualified La. investment" as:

- (1) Bonded debt issued with approval by the La. State Bond Commission.
- (2) Mortgages on property located in this state.
- (3) Real property located in this state.
- (4) Policy loans and other loans to residents and corporations domiciled in La.
- (5) Common or preferred stock in corporations domiciled in this state.

Proposed law exempts health maintenance organizations from the 5% reduction of the tax credit. Further authorizes, for taxable years beginning on or after Jan. 1, 2017, and before Jan. 1, 2019, the following as "qualified La. investments" for health maintenance organizations:

- (1) Certificates of deposit issued by a La. bank or investments in such instruments by a trust company with a main office or one or more branches in La.
- (2) Cash on deposit in a La. bank or a trust company holding such funds in trust, operating in the state with a main office or one or more branches.

Proposed law authorizes a 50% reduction for the tax due under present law for calendar year 2016 for certain domestic health maintenance organizations with no fewer than 500 employees residing in Louisiana if the health maintenance organization has invested at least \$25M in bonds of the state, a political subdivision, or bonds approved for issue by the State Bond Commission for the last two calendar quarters of 2016. Further prohibits application of the reduction to premiums collected or received pursuant to Medicaid or the State Children's Health Insurance Program or to a health maintenance organization that is eligible for a tax reduction under present law.

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

(Amends R.S. 22:832(A)(3); Adds R.S. 22:832(C)(6) and (F))