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## DIGEST

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HB 473 Original

2019 Regular Session

Glover

**Abstract:** Authorizes certain investments by businesses issuing life insurance policies to be eligible for the insurance premium tax credit.

Present law authorizes a credit against the insurance premium tax 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) An 85% tax credit for investment of 25% of assets.
- (4) A 95% tax credit for investment of at least 33% of assets.

Present law defines "qualified La. investments" for purposes of claiming the insurance premium tax credit as any of the following:

- (1) State Bonds, bonds of political subdivisions, or bond issuances approved by the State Bond Commission.
- (2) Mortgages on property located in this state.
- (3) Real property located in this state.
- (4) Policy loans to state residents, or other loans to residents of this state, or to corporations domiciled in this state.
- (5) Common or preferred stock in corporations domiciled in this state.

Proposed law adds, for taxable years beginning on or after Jan. 1, 2020, the following investments by businesses issuing life insurance policies to the list of "qualified La. investments" eligible for the insurance premium tax credit:

- (1) Certificates of deposits issued by a La. bank or investments in instruments by a trust

company with a main office or one or more branches in this state.

- (2) Cash on deposit in a bank or trust company holding funds in trust which operate in the state with a main office or one or more branches.

Proposed law provides that the investments provided for in proposed law shall only qualify when made by a business issuing life insurance policies that has total admitted assets under \$3 million, is domiciled, licensed, and operating in this state, maintains its primary corporate office and at least 70% of its employees in this state, and maintains its core business functions in this state.

Effective Jan. 1, 2020.

(Adds R.S. 22:832(C)(7))