



**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **HB 649** HLS 15RS 782  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 25, 2015 12:13 PM	<b>Author:</b> THIBAUT
<b>Dept./Agy.:</b> Louisiana Department of Insurance/La Dept of Revenue	<b>Analyst:</b> Alan M. Boxberger
<b>Subject:</b> Reduces insurance premium tax credit for certain insurers	

TAX CREDITS OR +\$1,544,000 GF RV See Note Page 1 of 1  
 Reduces the amount of the insurance premium tax credit for insurers who invest their assets in certain La. investments through July 1, 2017

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 on a graduated credit schedule; defines qualified Louisiana investments. Proposed law reduces the tax credits on the graduated credit schedule effective July 1, 2015 through July 1, 2017, whereupon the credit schedule reverts to that appearing under present law.

EXPENDITURES	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

REVENUES	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$1,544,000	\$1,544,000	\$0	\$0	\$0	\$3,088,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$1,544,000</b>	<b>\$1,544,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,088,000</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

Under present law, insurers who invest a portion of total admitted assets in Louisiana financial institutions receive a graduated tax credit, with the amount increasing as the percentage of assets invested as such increases. Proposed law will reduce each of the graduated tax credit schedules by approximately 1% in FY16 and FY17. The Louisiana Department of Insurance, using the most recent information available from 2013, estimates the FY16 and FY17 revenue impact will be an increase of approximately \$1.5M SGF.

Graduated Credit Schedule:

% of Assets invested in La Financial institutions	<u>Existing Credit</u>	<u>7/1/15-7/1/17 Credit</u>	<u>Post 7/1/17 Credit</u>
Minimum 16% of assets	66.67%	65%	66.67%
Minimum 20% of assets	75%	74%	75%
Minimum 25% of assets	85%	84%	85%
Minimum 33% of assets	95%	94%	95%

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| Senate   | <u>Dual Referral Rules</u>   | House  |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}                  | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |  |

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