

2016 First Extraordinary Session

HOUSE BILL NO. 56

BY REPRESENTATIVE ANDERS

TAX/INSURANCE PREMIUM: Reduces the amount of the insurance premium tax for certain Louisiana investments (Item #6)

1 AN ACT

2 To amend and reenact R.S. 22:832(A), (B), and (C), relative to insurance premium tax; to  
3 provide for a reduction of the tax due in certain circumstances; to provide for the  
4 definition of a qualifying Louisiana investment; to provide for an effective date; and  
5 to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:832(A), (B), and (C) are hereby amended and reenacted to read  
8 as follows:

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

10 A. The amount of the tax payable shall be reduced from the amount  
11 otherwise fixed in this Part if the payer files a sworn statement with the annual report  
12 required by this Part showing as of the end of each fiscal quarter reporting period  
13 that at least the following amounts of the total admitted assets of the payer, less  
14 assets in an amount equal to the reserves on its policies issued in foreign countries  
15 in which it is authorized to do business and which countries require an investment  
16 therein as a condition of doing business, are invested and maintained in qualifying  
17 Louisiana investments as hereinafter defined in Subsection C of this Section. The  
18 amount of tax credit granted in Subsection B of this Section shall be based on the  
19 average of the percentage of qualifying Louisiana ~~securities~~ investments held at the  
20 end of each fiscal quarter for the fiscal year.

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

11           (2) Notwithstanding any other provision of law to the contrary, for any  
12 taxable year beginning on or after January 1, 2016, and before January 1, 2018, the  
13 amount of the tax credit as determined by Paragraph (1) of this Subsection shall be  
14 reduced by ten percent.

15           C. For the purposes of this Part, "a qualifying Louisiana investment" is  
16 hereby defined as:

17           ~~(1) Certificates of deposit issued in Louisiana by any bank or savings and~~  
18 ~~loan association or savings bank, any of which are operating in the state of Louisiana~~  
19 ~~or a trust company operating in the state of Louisiana with a main office or one or~~  
20 ~~more branches where the trust company holds such funds in trust and invests them~~  
21 ~~in certificates of deposit issued by a bank, savings and loan association or savings~~  
22 ~~bank operating in the state of Louisiana with a main office or one or more branches.~~

23           (2) Bonds of this state or bonds of municipal, school, road, or levee districts,  
24 or other political subdivisions of this state or bonds approved for issue by the  
25 Louisiana State Bond Commission;

26           ~~(3)~~ (2) Mortgages on property located in this state;

27           ~~(4)~~ (3) Real property located in this state;

28           ~~(5)~~ (4) Policy loans to residents of Louisiana, or other loans to residents of  
29 this state, or to corporations domiciled in this state;



- (5) Policy loans and other loans to residents and corporations domiciled in La.
- (6) Common or preferred stock in corporations domiciled in this state.
- (7) 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 deletes from present law the following investments:

- (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 reduces the tax credit as determined in present law by 10% for any tax year beginning on or after Jan. 1, 2016, and before Jan. 1, 2018.

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

(Amends R.S. 22:832(A), (B), and (C))