
DIGEST

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HB 87 Original

2016 First Extraordinary Session

Anders

Abstract: Reduces the amount of the insurance premium tax credit by 10% for any tax year beginning on or after Jan. 1, 2016, and before Jan. 1, 2018 and eliminates certain certificates of deposit and cash on deposit as qualified La. investments.

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) An 85% tax credit for investment of 25% of assets.
- (4) A 95% tax credit for investment of 33% of assets.

Present law defines "qualified La. investment" as:

- (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) Bonded debt issued with approval by the La. State Bond Commission.
- (3) Mortgages on property located in this state.
- (4) Real property located 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) and (C))