

2016 Second Extraordinary Session

HOUSE BILL NO. 24

BY REPRESENTATIVE ANDERS

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

1 AN ACT

2 To amend and reenact R.S. 22:832(A)(3) and to enact R.S. 22:832(C)(6), relative to the
3 insurance premium tax; to exempt health maintenance organizations from the
4 reduction of the tax due made in Act No. 10 of the 2016 First Extraordinary Session;
5 to provide for qualifying Louisiana investments of health maintenance organizations;
6 to provide for effectiveness; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 22:832(A)(3) is hereby amended and reenacted and R.S.
9 22:832(C)(6) is hereby enacted to read as follows:

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

11 A.

12 * * *

13 (3) However, Paragraph (1) of this Subsection notwithstanding, for any
14 taxable year beginning on or after January 1, 2016 and before January 1, 2018, for
15 all payers, except for life insurance companies writing life insurance premiums with
16 total admitted assets of fifteen million dollars or less and health maintenance
17 organizations subject to the tax in R.S. 22:842(B), the amount of the tax credit
18 granted shall not exceed ninety-five percent of the tax credit for the average
19 percentage of qualifying Louisiana investments as provided in Subsection B of this
20 Section.

21 * * *

1 C. For the purposes of this Part, beginning January 1, 2017, "a qualifying
2 Louisiana investment" is hereby defined as:

3 * * *

4 (6) In addition to the investments provided for in Paragraphs (1) through (5)
5 of this Subsection, for purposes of health maintenance organizations subject to the
6 tax in R.S. 22:842(B), for taxable years beginning on or after January 1, 2017, and
7 before January 1, 2019, "a qualifying Louisiana investment" is hereby defined as:

8 (a) Certificates of deposit issued in Louisiana by any bank, or savings and
9 loan association, or savings bank, any of which are operating in the state of
10 Louisiana or a trust company operating in the state of Louisiana with a main office
11 or one or more branches where the trust company holds such funds in trust and
12 invests them in certificates of deposit issued by a bank, savings and loan association,
13 or savings bank operating in the state of Louisiana with a main office or one or more
14 branches.

15 (b) Cash on deposit in an account in Louisiana in any bank, or savings and
16 loan association, or savings bank, or trust company holding such funds in trust,
17 operating in the state of Louisiana with a main office or one or more branches.

18 * * *

19 Section 2. This Act shall become effective upon signature by the governor or, if not
20 signed by the governor, upon expiration of the time for bills to become law without signature
21 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
22 vetoed by the governor and subsequently approved by the legislature, this Act shall become
23 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 24 Original 2016 Second Extraordinary Session Anders

Abstract: Exempts health maintenance organizations from the 5% reduction to the insurance premium tax credit made in Act No. 10 of the 2016 First Extraordinary Session and provides for qualifying Louisiana 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) 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.

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))