

2023 Regular Session

HOUSE BILL NO. 411

BY REPRESENTATIVE GLOVER

TAX CREDITS: Expands the types of investments eligible for the insurance premium tax credit

1 AN ACT

2 To enact R.S. 22:832(C)(7), relative to the insurance premium tax credit; to authorize certain
3 investments by businesses issuing life insurance policies to be eligible for the
4 insurance premium tax credit; to provide for qualifying Louisiana investments; to
5 provide for certain requirements; to provide for effectiveness; and to provide for
6 related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 22:832(C)(7) is hereby enacted to read as follows:

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

10 * * *

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

13 * * *

14 (7)(a) For purposes of businesses issuing life insurance policies subject to
15 the tax in R.S. 22:842(A), for taxable years beginning on or after January 1, 2024,
16 "a qualifying Louisiana investment" is defined as:

17 (i) Certificates of deposit issued in Louisiana by any bank, savings and loan
18 association, or savings bank, any of which has a main office or branch in Louisiana,
19 or by a trust company with a main office or branch in Louisiana if the trust company
20 holds funds in trust and invests them in certificates of deposit issued by a bank,

1 savings and loan association, or savings bank with a main office or branch in
2 Louisiana.

3 (ii) Cash on deposit in an account in Louisiana with any bank, savings and
4 loan association, or savings bank, or a trust company holding funds in trust, any of
5 which has a main office or branch in Louisiana.

6 (b) An investment shall be considered a qualifying Louisiana investment
7 pursuant to the provisions of this Paragraph only when made by a business that meets
8 all of the following criteria:

9 (i) Issues life insurance policies.

10 (ii) Has total admitted assets under three million dollars.

11 (iii) Is domiciled, licensed, and operating in Louisiana.

12 (iv) Maintains its primary corporate office in Louisiana and has at least
13 seventy percent of its employees in Louisiana.

14 (v) Maintains in Louisiana its core business functions, which include but are
15 not limited to the utilization of review services, claim payment processes, customer
16 processes, customer service call centers, enrollment services, information technology
17 services, and provider relations.

18 * * *

19 Section 2. This Act shall become effective on January 1, 2024.

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 411 Engrossed

2023 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. investment" 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 La.
- (3) Real property located in La.
- (4) Policy loans to state residents, or other loans to residents of La., or to corporations domiciled in La.
- (5) Common or preferred stock in corporations domiciled in this state.

Proposed law adds, for taxable years beginning on or after Jan. 1, 2024, 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 certain La. banks which have a main office in La. or by certain trust companies which have a main office in La.
- (2) Cash on deposit in an account with a La. bank which has a main office in La.
- (3) Funds held by a trust company which has a main office in La.

Proposed law provides that the investments provided for in proposed law qualify as La. investments only when made by a business that:

- (1) Issues life insurance policies.
- (2) Has total admitted assets under \$3 million.
- (3) Is domiciled, licensed, and is operating in La.
- (4) Maintains its primary corporate office in La. and has at least 70% of its employees in La.
- (5) Maintains its core business functions in La.

Effective Jan. 1, 2024.

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