

2016 First Extraordinary Session

SENATE BILL NO. 17

BY SENATOR MORRELL

TAX/TAXATION. Provides for the reduction to the amount of the insurance premium tax for certain Louisiana investments. (gov sig)

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AN ACT

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

Be it enacted by the Legislature of Louisiana:

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

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

A. The amount of the tax payable shall be reduced from the amount otherwise fixed in this Part if the payer files a sworn statement with the annual report required by this Part showing as of the end of each fiscal quarter reporting period that at least the following amounts of the total admitted assets of the payer, less assets in an amount equal to the reserves on its policies issued in foreign countries in which it is authorized to do business and which countries require an investment therein as a condition of doing business, are invested and maintained in qualifying Louisiana investments as hereinafter defined in Subsection C of this Section. The amount of tax

1 credit granted **in Subsection B of this Section** shall be **based on** the average of the
2 percentage of qualifying Louisiana ~~securities~~ **investments** held at the end of each
3 fiscal quarter for the fiscal year.

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

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

18 C. For **Beginning January 1, 2016, for** the purposes of this Part, "a
19 qualifying Louisiana investment" is hereby defined as:

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

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

29 ~~(3)~~**(2)** Mortgages on property located in this state;

- 1 ~~(4)~~**(3)** Real property located in this state;
- 2 ~~(5)~~**(4)** Policy loans to residents of Louisiana, or other loans to residents of this
- 3 state, or to corporations domiciled in this state;
- 4 ~~(6)~~**(5)** Common or preferred stock in corporations domiciled in this state; and
- 5 ~~(7)~~**(6)** Cash on deposit in an account in Louisiana in any bank or savings and
- 6 loan association, or savings bank, or trust company holding such funds in trust,
- 7 operating in the state of Louisiana with a main office or one or more branches.

* * *

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

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Leonore Heavey.

DIGEST

SB 17Original 2016 First Extraordinary Session Morrell

Present law grants a reduction of insurance premium tax for payers based on the average of the percentage of qualifying Louisiana investments held at the end of the fiscal year.

Proposed law reduces the investment tax credit against premium taxes by 10% for taxable years beginning on or after January 1, 2016, and before January 1, 2018.

Present law defines "qualifying Louisiana investments" which include certificates of deposit issued by La. banks, La. state and local bonds, mortgages on property located in this state, real property located in this state, loans to La. resident individuals and corporations, stock in La. domiciled corporations, and cash on deposit in a bank that operates at least one branch in the state.

Proposed law removes certificates of deposit from the qualifying Louisiana investment calculation beginning Jan. 1, 2016.

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

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