§1068. Reduction of tax when certain investments are made in Louisiana

A. The amount of the license 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 December 31 of the 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.

B. If one-sixth of the total admitted assets of the payer are in qualifying Louisiana investments, then the license payable shall be thirty-three and one-third percent of the amount otherwise fixed in this Part; if at least one-fifth of the total admitted assets of the payer are in qualifying Louisiana investments, then the license payable shall be twenty-five percent of the amount otherwise fixed in this Part; if at least one-fourth of the total admitted assets of the payer are in qualifying Louisiana investments, the license payable shall be fifteen percent of the amount otherwise fixed in this Part; and if at least one-third of the total admitted assets of the payer are in qualifying Louisiana investments, then the license payable shall be five percent of the amount otherwise fixed in this Part.

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

(a) Certificates of deposit issued by any bank or savings and loan association domiciled in this state, or certificates of deposit issued by any limited function financial institution domiciled in this state;

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

(c) Mortgages on property located in this state;

(d) Real property located in this state;

(e) Policy loans to residents of Louisiana, or other loans to residents of this state, or to corporations domiciled in this state;

(f) Common or preferred stock in corporations domiciled in this state; and

(g) Cash on deposit in any bank or savings and loan association domiciled in this state

D. Recognizing that it is in the public interest to create an incentive for environmentally clean industry to locate in this state and to broaden the economic base; to encourage investment in this state; and to enhance the economic and financial climate of the state, the legislature finds that a premium tax reduction for insurers investing in certain qualified Louisiana assets promotes the public interest.

E.(1)(a) Recognizing that it is also in the public interest to ensure sufficient availability of venture capital for purposes of technological development and job creation, the premium tax reduction for insurers investing in certified capital companies as defined in R.S. 51:1921 et seq., or in industrial or economic development corporations as defined in R.S. 12:951 et seq., shall be computed as one hundred percent of the amount of the investment at the time the investment is made. The premium tax reduction shall be available for, but not limited to, taxes charged on insurance premiums under R.S. 22:1061, 1062, 1065, 1079, and 1265. Notwithstanding any provision of law to the contrary, the premium tax reduction shall not be available for taxes charged on insurance premiums under R.S. 22:1076, 1076.1, 1077, 1080, 1419, and 1583. The investment shall be in the form of cash or debt instruments that are obligations of the investing insurance company to the certified capital company or the industrial or economic development corporation. Such debt instruments shall be converted into cash at a rate of not less than ten percent per year from the date of the investment.

(b) For purposes of this Subsection, the term "investment" shall include the investment of cash or a note by an insurance company in exchange for either (i) equity in a certified Louisiana capital company or (ii) a loan receivable from a certified Louisiana capital company which has a stated final maturity date of not less than five years from the origination date of the loan and shall not be repaid in a manner which results in the loan receivable being repaid faster than if the loan receivable were repaid by level debt service payments.

(2) The premium tax reduction determined as provided in Paragraph (1) of this Subsection shall be subject to the following limitations:

(a) For investments made during any taxable year beginning on or after January 1, 1989 and before January 1, 1990, the tax reduction shall not exceed forty percent of the tax liability for that taxable year.

(b) For investments made during any taxable year beginning on or after January 1, 1990 and before January 1, 1991, the tax reduction shall not exceed thirty percent of the tax liability for the respective taxable year.

(c) For investments made on or after January 1, 1991 and before January 1, 1999, the tax reduction utilized in any year for any group of affiliates shall not exceed twenty-five percent of the gross premium tax liability for such group, before any credits, for the year in which the investment was made.

(d) For investments made after December 31, 2003, no tax reduction shall be allowed.

(3) The tax reduction as determined by Paragraph (1) of this Subsection and as limited in Paragraph (2) of this Subsection shall be applied as follows: (a) for tax reduction credits granted to investors prior to January 1, 2001, the tax reduction shall be applied to the premium tax liability not to exceed ten percent of the premium tax reduction in any one year until one hundred percent of the premium tax reduction has been claimed by the insurer; or (b) for tax reduction credits granted to investors after January 1, 2001, the tax reduction shall not be applied to any premium tax liability generated within two years from the date of investment and shall be applied to the premium tax liability not to exceed twelve and one-half percent of the premium tax reduction in any one year until one hundred percent of the premium tax reduction has been claimed by the insurer; provided, the reduction in any taxable year shall not exceed the premium tax liability for such taxable year. Notwithstanding the provisions of this Paragraph to the contrary, if a holder of premium tax reduction credits authorized under this Subsection does not use credits that are generated after December 31, 1999, and which are eligible to be used in a given calendar year, those premium tax reduction credits may be carried forward and used in any subsequent year until such credits are exhausted; provided, the reduction in any taxable year shall not exceed the premium tax liability for such taxable year.

(4) The premium tax reductions described in Paragraphs (1), (2), and (3) of this Subsection shall have the same rights with respect to transferability accorded to income tax credits, as described in R.S. 51:1924(F) and be subject to the same forfeiture and repayment provisions as income tax credits, as described in R.S. 51:1927(C) and 1928(A).