

**2006 2<sup>nd</sup> Extraordinary Legislative Session**  
**Department of Revenue Legislative Summary**

---

**Income Tax**

**Act 4** (HB 120) enacts R.S. 47:6025, which authorizes a refundable credit against individual income, corporate income and fiduciary income tax for the full amount of any surcharges, market equalization charges, or assessments paid by a taxpayer during a taxable year as a result of the 2005 regular assessment or the emergency assessments levied due to Hurricanes Katrina and Rita.

As a result of losses on insured property caused by Hurricanes Katrina and Rita, the Louisiana Citizens Property Insurance Corporation determined that a plan year deficit existed for the plan year 2005. In order to finance the 2005 plan year deficit, the corporation levied the 2005 regular assessment against affected insurance companies which was passed on through a surcharge by the affected insurance companies to their commercial and residential property and casualty policyholders. The corporation also issued assessment revenue bonds which are to be paid primarily from the proceeds of the 2005 emergency assessments, which will be levied on residential and commercial policyholders in the state annually beginning January 1, 2007. The bonds are scheduled to mature in 2027 and the credit will be in effect until the bonds are repaid.

For calendar year taxpayers, Citizens assessments paid in 2006 will be a credit against 2006 income tax. Citizens assessments paid after December 31, 2006 will be claimed on the income tax return filed for the year in which the payment was made.

**HCR 20** memorializes the United States Congress and the Internal Revenue Service to take such actions as are necessary to refrain from taxing rebuilding grants from the state's Road Home program.