

2017 Regular Session

HOUSE BILL NO. 372

BY REPRESENTATIVE IVEY

TAX/CORP INCOME: Establishes a flat tax rate for purposes of calculating corporate income tax liability

1 AN ACT

2 To amend and reenact R.S. 47:287.12, relative to corporation income tax; to provide relative  
3 to the rate of the corporation income tax; to provide for applicability; to provide for  
4 effectiveness; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:287.12 is hereby amended and reenacted to read as follows:

7 §287.12. Rates of tax

8 The tax to be assessed, levied, collected, and paid upon the Louisiana taxable  
9 income of every corporation shall be computed at the rate of:

10 (1) ~~Four percent upon the first twenty-five thousand dollars of Louisiana~~  
11 ~~taxable income.~~

12 (2) ~~Five percent upon the amount of Louisiana taxable income above twenty-~~  
13 ~~five thousand dollars but not in excess of fifty thousand dollars.~~

14 (3) ~~Six percent on the amount of Louisiana taxable income above fifty~~  
15 ~~thousand dollars but not in excess of one hundred thousand dollars.~~

16 (4) ~~Seven percent on the amount of Louisiana taxable income above one~~  
17 ~~hundred thousand dollars but not in excess of two hundred thousand dollars.~~

18 (5) ~~Eight~~ six and one-half of one percent ~~on all Louisiana taxable income in~~  
19 ~~excess of two hundred thousand dollars.~~

20 Section 2. R.S. 47:287.12 is hereby amended and reenacted to read as follows:

1 §287.12. Rates of tax

2 The tax to be assessed, levied, collected, and paid upon the Louisiana taxable  
3 income of every corporation shall be computed at the rate of:

4 ~~(1) Four percent upon the first twenty-five thousand dollars of Louisiana~~  
5 ~~taxable income.~~

6 ~~(2) Five percent upon the amount of Louisiana taxable income above twenty-~~  
7 ~~five thousand dollars but not in excess of fifty thousand dollars.~~

8 ~~(3) Six percent on the amount of Louisiana taxable income above fifty~~  
9 ~~thousand dollars but not in excess of one hundred thousand dollars.~~

10 ~~(4) Seven percent on the amount of Louisiana taxable income above one~~  
11 ~~hundred thousand dollars but not in excess of two hundred thousand dollars.~~

12 ~~(5) Eight six percent on all Louisiana taxable income in excess of two~~  
13 ~~hundred thousand dollars.~~

14 Section 3. The provisions of R.S. 47:287.12 as amended by this Act shall be  
15 applicable to all tax years beginning on and after January 1, 2018.

16 Section 4. Section 2 of this Act shall become effective and Section 1 of this Act shall  
17 not become effective if the proposed amendment of Article VII of the Constitution of  
18 Louisiana contained in the Act which originated as House Bill No. \_\_\_\_ of this 2017 Regular  
19 Session of the Legislature is adopted at a statewide election and becomes effective.

20 Section 5. Except as provided for in Section 4 of this Act, Sections 1, 3, 4, and 5 of  
21 this Act shall become effective on January 1, 2018.

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#### 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)]

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HB 372 Original

2017 Regular Session

Ivey

**Abstract:** Changes the corporate income tax rate from a graduated schedule of rates dependent on the taxable income of the taxpayer to a flat rate of 6.5% and further authorizes a reduction to a flat 6% if certain conditions are met.

Present law provides that the tax to be assessed, levied, collected, and paid on the La. taxable income of every corporation shall be computed at the following rates:

- (1) 4% on the first \$25,000 of La. taxable income.
- (2) 5% on La. taxable income above \$25,000 but not in excess of \$50,000.
- (3) 6% on La. taxable income above \$50,000 but not in excess of \$100,000.
- (4) 7% on La. taxable income above \$100,000 but not in excess of \$200,000.
- (5) 8% on all La. taxable income in excess of \$200,000.

Proposed law changes present law by deleting the graduated schedule of rates dependant on the amount of taxable income of the taxpayer in favor of a flat 6.5% corporate income tax rate.

Applicable to all tax years beginning on and after Jan. 1, 2018.

Proposed law with respect to the reduction in the corporate income tax rate to a flat 6.5% rate shall be effective on Jan. 1, 2018. Proposed law provides for the further reduction of the flat corporate income tax rate from 6.5% to a flat rate of 6% if the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. \_\_\_ of the 2017 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 47:287.12)