DIGEST

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HB 653 Original | 2017 Regular Session | Broadwater

Abstract: Repeals the sunset for reductions in corporate income tax exclusions and deductions by Act No. 123 of the 2015 R.S.

Proposed law repeals the June 30, 2018, sunset of the following reductions to corporate income tax exclusions and reductions, thereby providing for their continued effectiveness:

(1) Exclusion from corporation gross income any funds received by a corporation from a governmental entity to subsidize the operation and maintenance of a public transportation system. (R.S. 47:51) Exclusion of 72% of funds received is continued.

(2) Additional deduction in determining net income for oil and gas depletion. (R.S. 47:158 and 287.745) (See below.)

(3) Deduction for net operating loss of a corporation. (R.S. 47:246) Deduction of 72% of net loss is continued.

(4) Exclusion from corporate gross income funds received from a governmental entity to subsidize the operation and maintenance of a public transportation system. (R.S. 47:287.71) Exclusion of 72% of funds received is continued.

(5) Deduction from corporate income tax expenses disallowed under I.R.C. Section 280C. Further requires a taxpayer who elects to claim certain credits that are based on an expense to reduce the federal deduction for the expense by the dollar amount of the credit claimed. (R.S. 47:287.73) Deduction of 72% of disallowed expenses is continued.

(6) Deduction from corporate income for the amount of the net operating loss incurred in La. (R.S. 47:287.86) Deduction of 72% of net loss is continued.

(7) Deduction from gross income of an amount equal to interest and dividend income included on the federal income tax return. (R.S. 47:287.738) Deduction of 72% of such income is continued.

(8) Exemption from corporation income and franchise taxes certain La. Community Development Financial Institutions. (R.S. 51:3092) Four-year exemption is continued.

Present law provides that the basis for the allowance for depletion for oil and gas wells is 15 and

8/10ths% of the gross income from the property during the taxable year. Proposed law changes that rate from 15 and 8/10ths% to 16%. (R.S. 47:158(C))

Proposed law, relative to the basis for the allowance for depletion for certain mines, changes the rate for coal mines from 3 and 6/10ths% to 4%; for metal mines from 10 and 8/10ths % to 11%; and for sulphur mines from 15 and 8/10ths% to 16%. (R.S. 47:158(D))

Present law provides that the deduction from gross income tax for the percentage depletion for oil and gas wells is 15 and 8/10ths% of the gross income from the property during the taxable year. Proposed law changes that rate from 15 and 8/10ths% to 16%. (R.S. 47:287.745(B))

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

(Amends R.S. 47:158(C) and (D) and 287.745(B) and §6 of Act No. 123 of 2015 R.S.; Repeals §§3 and 4 of Act No. 123 of 2015 R.S.)