2019 Regular Session

HOUSE BILL NO. 263

BY REPRESENTATIVE STOKES

TAX/CORP INCOME: Provides relative to loss years for purposes of the net operating loss deduction for corporate income tax

1	AN ACT		
2	To amend and reenact R.S. 47:287.86(C)(2), relative to income tax; to provide with respect		
3	to the net operating loss deduction; to provide for the order of loss from which a net		
4	operating loss may be carried over; to provide for effectiveness; and to provide for		
5	related matters.		
6	Be it enacted by the Legislature of Louisiana:		
7	Section 1. R.S. 47:287.86(C)(2) is hereby amended and reenacted to read as		
8	follows:		
9	§287.86. Net operating loss deduction		
10	* * *		
11	C. Manner and amount of carryovers. For all claims for this deduction on		
12	any return filed on or after July 1, 2015, regardless of the taxable year to which the		
13	return relates, the entire amount of Louisiana net loss for any taxable year,		
14	hereinafter the "loss year", shall be carried over to the earliest of the taxable years		
15	allowed. The portion of such loss which shall be carried to each of the other taxable		
16	years allowed by Subsection B shall be the excess, if any, of the amount of such loss		
17	over the aggregate of the Louisiana taxable income for each of the taxable years to		
18	which such loss may be carried. For the purposes of this Subsection:		
19	* * *		

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	(2) In calculating the aggregate Louisiana taxable incomes in cases where
2	more than one loss year must be taken into account, the various net operating loss
3	carryovers to such taxable year are considered to be applied in reduction of
4	Louisiana net income in the order of the taxable years from which such losses are
5	carried over, beginning with the loss for the most recent earliest taxable year.
6	* * *
7	Section 2. The provisions of this Act shall be applicable to all tax years beginning
8	on and after January 1, 2020.
9	Section 3. 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.

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)]

HB 263 Reengrossed	2019 Regular Session	Stokes
TID 203 Recligiossed	2019 Regular Session	SIOKES

Abstract: Provides for the order of loss years from which a net operating loss may be carried over in certain circumstances.

<u>Present law</u> provides for a deduction from corporate income tax for 72% of the amount of net operating loss incurred in La. and authorizes carryforward of excess net operating loss for a period of 20 years.

<u>Present law</u> requires net operating loss to be applied for purposes of reducing La. net income in order of the year of the loss, beginning with the most recent taxable year.

<u>Proposed law</u> changes <u>present law</u> by requiring net operating loss from the earliest taxable year to be applied first.

Applicable for all taxable periods beginning on or after Jan. 1, 2020.

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

(Amends R.S. 47:287.86(C)(2))

Summary of Amendments Adopted by House

- The Committee Amendments Proposed by <u>House Committee on Ways and Means</u> to the <u>original</u> bill:
- 1. Make technical amendment.

The House Floor Amendments to the engrossed bill:

- 1. Change the bill <u>from</u> one that repeals the deductibility of federal income taxes for purposes of calculating income taxes and changing the corporate income tax rates <u>to</u> one that establishes the order of loss years for which a net operating loss may be carried over.
- 2. Change the effectiveness of <u>proposed law from</u> one contingent upon passage of a proposed constitutional amendment <u>to</u> one effective upon signature of the governor.