

2020 First Extraordinary Session

HOUSE BILL NO. 17

BY REPRESENTATIVE BISHOP

TAX/CORP FRANCHISE: Suspends the corporation franchise tax levied on certain taxable capital and suspends the initial corporation franchise tax levied on certain entities (Item #16)

1 AN ACT

2 To amend and reenact R.S. 47:601(A) and 611(A), relative to the state corporation franchise  
3 tax; to suspend the corporation franchise tax levied on certain taxable capital during  
4 a certain period of time; to suspend the initial tax levied on certain entities during a  
5 certain period of time; to provide for effectiveness; and to provide for related  
6 matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:601(A) and 611(A) are hereby amended and reenacted to read  
9 as follows:

10 §601. Imposition of tax

11 A.(1) Every domestic corporation and every foreign corporation, exercising  
12 its charter, or qualified to do business or actually doing business in this state, or  
13 owning or using any part or all of its capital, plant, or any other property in this state,  
14 subject to compliance with all other provisions of law, except as otherwise provided  
15 for in this Chapter shall pay an annual tax at the rate of one dollar and fifty cents for  
16 each one thousand dollars, or major fraction thereof on the first three hundred  
17 thousand dollars of taxable capital and at the rate of three dollars for each one  
18 thousand dollars, or major fraction thereof, which exceeds three hundred thousand  
19 dollars of taxable capital. Taxable capital shall be determined as hereinafter

1 provided. The tax levied herein is due and payable on any one or all of the following  
2 alternative incidents:

3 ~~(1)~~(a) The qualification to carry on or do business in this state or the actual  
4 doing of business within this state in a corporate form. The term "doing business"  
5 as used herein shall mean and include each and every act, power, right, privilege, or  
6 immunity exercised or enjoyed in this state, as an incident to or by virtue of the  
7 powers and privileges acquired by the nature of such organizations, as well as, the  
8 buying, selling, or procuring of services or property.

9 ~~(2)~~(b) The exercising of a corporation's charter or the continuance of its  
10 charter within this state.

11 ~~(3)~~(c) The owning or using any part or all of its capital, plant, or other  
12 property in this state whether owned directly or indirectly by or through a  
13 partnership, joint venture, or any other business organization of which the domestic  
14 or foreign corporation is a related party as defined in R.S. 47:605.1.

15 (2) The annual franchise tax levied at the rate of one dollar and fifty cents  
16 for each one thousand dollars, or major fraction thereof on the first three hundred  
17 thousand dollars of taxable capital pursuant to the provisions of Paragraph (1) of this  
18 Subsection shall be inapplicable, inoperative, and of no effect for franchise taxable  
19 periods beginning between July 1, 2020, and June 30, 2024.

20 \* \* \*

21 §611. Newly taxable corporation

22 A.(1) Every corporation or other entity subject to the franchise tax shall pay  
23 only an initial tax of one hundred ten dollars in the first accounting period or fraction  
24 thereof in which it becomes subject to the tax levied herein. The tax is first due  
25 immediately on the corporation's becoming taxable under this Chapter and is payable  
26 on or before the fifteenth day of the fourth month after the month in which the tax  
27 is due. After the first closing of the corporate books, the tax is payable as provided  
28 in R.S. 47:609, subject to the minimum tax as provided in this Subsection.

1                   (2) The initial franchise tax of one hundred ten dollars in the first accounting  
2                   period or fraction thereof in which the entity becomes subject to the tax levied  
3                   pursuant to the provisions of Paragraph (1) of this Subsection shall be inapplicable,  
4                   inoperative, and of no effect for franchise taxable periods beginning between July  
5                   1, 2020, and June 30, 2024.

6   \*         \*         \*

7                   Section 2. This Act shall become effective on July 1, 2020; if vetoed by the governor  
8                   and subsequently approved by the legislature, this Act shall become effective on July 1,  
9                   2020, or on the day following such approval by the legislature, whichever is later.

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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 17 Original

2020 First Extraordinary Session

Bishop

**Abstract:** Suspends the annual franchise tax levied at the rate of \$1.50 for each \$1,000, or major fraction thereof on the \$300,000 of taxable capital and the initial franchise tax of \$110 for franchise taxable periods beginning between July 1, 2020, through June 30, 2024.

Present law levies an annual corporation franchise tax on every corporation exercising its charter or qualified to do business or actually doing business in this state at the following rates:

- (1)     \$1.50 for each \$1,000, or major fraction thereof on the first \$300,000 of taxable capital.
- (2)     \$3.00 for each \$1,000, or major fraction thereof, which exceeds \$300,000 of taxable capital.

Proposed law suspends the annual franchise tax levied at the rate of \$1.50 for each \$1,000, or major fraction thereof on the \$300,000 of taxable capital for franchise taxable periods beginning between July 1, 2020, through June 30, 2024.

Present law levies an initial tax of \$110 in the first accounting period in which an entity becomes subject to the corporation franchise tax. The tax is first due immediately on the entity becoming taxable under present law and is payable on or before the 15th day of the 4th month after the month in which the tax is due.

Proposed law suspends the initial franchise tax of \$110 in the first accounting period in which the entity becomes subject to the corporation franchise tax for franchise taxable periods beginning between July 1, 2020, through June 30, 2024.

Effective July 1, 2020.

(Amends R.S. 47:601(A) and 611(A))