

SENATE BILL NO. 161

BY SENATOR ALLAIN

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AN ACT

To amend and reenact R.S. 47:601(A)(introductory paragraph) and 601.1(A)(1) and to enact R.S. 47:601(D) and 601.2, relative to the corporation franchise tax and the suspension of the corporation franchise tax on the first three hundred thousand dollars of taxable capital for small business corporations; to provide for the applicable tax periods of the suspension; to provide for the rates of tax; to provide an automatic rate reduction trigger; to provide for effectiveness; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:601(A)(introductory paragraph) is hereby amended and reenacted and R.S. 47:601(D) and 601.2 are hereby enacted to read as follows:

§601. Imposition of tax

A. Every domestic corporation and every foreign corporation, exercising its charter, or qualified to do business or actually doing business in this state, or owning or using any part or all of its capital, plant, or any other property in this state, subject to compliance with all other provisions of law, except as otherwise provided for in this Chapter shall pay an annual tax ~~at the rate of one dollar and fifty cents for each one thousand dollars, or major fraction thereof on the first three hundred thousand dollars of taxable capital and at the rate of three dollars for each one thousand dollars, or major fraction thereof, which exceeds three hundred thousand dollars of~~ **based on its taxable capital at the rates provided in Subsection D of this Section.** Taxable capital shall be determined as ~~hereinafter~~ **provided in this Chapter.** The tax levied ~~herein~~ **in this Section** is due and payable on any one or all of the following alternative incidents:

* * *

D. (1) For taxable periods beginning before January 1, 2023, the annual rates of tax shall be one dollar and fifty cents for each one thousand dollars, or major fraction thereof, on the first three hundred thousand dollars of taxable capital and three dollars for each one thousand dollars, or major fraction thereof, in excess of three hundred thousand dollars of taxable capital.

(2) Except as otherwise provided in R.S. 47:601.1 or 601.2, for taxable periods beginning on or after January 1, 2023, the annual rate of tax shall be two dollars and seventy-five cents for each one thousand dollars, or major fraction thereof, in excess of three hundred thousand dollars of taxable capital.

* * *

§601.2. Automatic rate reduction

A.(1) Beginning April 1, 2024, and each April first thereafter, if the prior fiscal year's actual corporation income and franchise tax collections as reported in the state's accounting system exceed the actual corporation income and franchise tax collections for the fiscal year ending June 30, 2019, as reported in the state's accounting system, adjusted annually by the growth factor provided for in Article VII, Section 10(C) of the Constitution, the corporation franchise tax rate in R.S. 47:601 for the tax year beginning the following January first shall be reduced as provided in Paragraph (2) of this Subsection.

(2) The reduced rate shall be calculated by multiplying the current rate by the difference between one and the percentage change in corporation income and franchise tax collections in excess of the corporation income and franchise tax collections for Fiscal Year 2018-2019 adjusted annually by the growth factor as provided in Paragraph (1) of this Subsection. A rate reduction shall be made only if both of the following conditions are met:

(a) The prior fiscal year's actual total tax, licenses, and fees exceed the actual total tax, licenses, and fees for Fiscal Year 2018-2019, adjusted annually by the growth factor in Article VII, Section 10(C) of the Constitution of Louisiana.

1 Legislature are enacted and become law.

2 Section 4. This Section, Section 2, and Section 3 of this Act shall become effective
3 upon signature by the governor or, if not signed by the governor, upon expiration of the time
4 for bills to become law without signature by the governor, as provided by Article III, Section
5 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved
6 by the legislature, this Act shall become effective on the day following such approval.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____