

2023 Regular Session

SENATE BILL NO. 1

BY SENATOR ALLAIN

TAX/FRANCHISE/CORPORATE. Repeals the corporate franchise tax. (1/1/25)

1 AN ACT
2 To amend and reenact R.S. 47:287.750(E)(1), 1675(J), 6005(C)(1), 6006(A) and the
3 introductory paragraph of R.S. 47:6006(B)(1), R.S. 47:6006(B)(2), and (4),
4 6006.1(A), the introductory paragraph of R.S. 47:6006.1(B), R.S. 47:6006.1(B)(1),
5 (3), and (4), and (C), 6013(A), 6014(A), (B), and (C)(1) and (3), 6015(B)(1) and (2),
6 (C)(3)(a) and (d)(i), the introductory paragraph of R.S. 47:6015(D)(2), R.S.
7 47:6015(K), 6019(A)(1)(a), (3)(a) and (b)(ii)(aa) and (dd)(I), 6020(D)(2)(a), (3)(a)
8 and (d)(i), 6022(E)(1)(b), the introductory paragraph of R.S. 47:6022(E)(1)(e), R.S.
9 47:6033(C) and (D)(1) and (2), the introductory paragraph of R.S. 47:6036(C)(1)(a),
10 R.S. 47:6036(I)(2)(a)(i) and (b), the introductory paragraph of R.S. 47:6107(A)(1),
11 R.S. 47:6107(A)(2) and (B), and R.S. 51:1787(A)(2)(a) and (b) and (G), to enact R.S.
12 47:1675(K), and to repeal R.S. 47:287.662 and Chapter 5 of Subtitle II of Title 47
13 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:601 through 618,
14 relative to the corporation franchise tax; to repeal the corporation franchise tax; to
15 provide with respect to tax credits that are applicable against the corporation
16 franchise tax; to provide for an effective date; and to provide for related matters.
17 Be it enacted by the Legislature of Louisiana:

1 Section 1. R.S. 47:287.750(E)(1), 1675(J), 6005(C)(1), 6006(A) and the introductory
 2 paragraph of R.S. 47:6006(B)(1), R.S. 47:6006(B)(2), and (4), 6006.1(A), the introductory
 3 paragraph of R.S. 47:6006.1(B), R.S. 47:6006.1(B)(1), (3), and (4), and (C), 6013(A),
 4 6014(A), (B), and (C)(1) and (3), 6015(B)(1) and (2), (C)(3)(a) and (d)(i), the introductory
 5 paragraph of R.S. 47:6015(D)(2), R.S. 47:6015(K), 6019(A)(1)(a), (3)(a) and (b)(ii)(aa) and
 6 (dd)(I), 6020(D)(2)(a), (3)(a) and (d)(i), 6022(E)(1)(b), the introductory paragraph of R.S.
 7 47:6022(E)(1)(e), R.S. 47:6033(C) and (D)(1) and (2), the introductory paragraph of R.S.
 8 47:6036(C)(1)(a), R.S. 47:6036(I)(2)(a)(i) and (b), the introductory paragraph of R.S.
 9 47:6107(A)(1), R.S. 47:6107(A)(2) and (B) are hereby amended and reenacted and RS.
 10 47:1675(K) is hereby enacted to read as follows:

11 §287.750. Louisiana work opportunity tax credit

12 * * *

13 E.(1) The credit shall be allowed against any Louisiana income ~~or franchise~~
 14 tax due from an eligible business for the taxable period in which the credit is earned.

15 * * *

16 §1675. General administrative provisions for credits against income ~~and corporation~~
 17 franchise tax

18 * * *

19 **J. Credit utilization against repealed taxes. Tax credits that were**
 20 **available to be applied against a tax that was repealed and that were earned in**
 21 **a tax period prior to the repeal of the tax, may continue to be applied against**
 22 **that tax for any applicable period prior to the repeal of the tax until the credit**
 23 **either expires or is exhausted. Nothing in this Subsection shall be interpreted**
 24 **to authorize an expansion of any provision of any tax credit.**

25 **K.** Documentation for tax credits.

26 (1) Record retention.

27 (a) For credits with no carry forward provision, original records supporting
 28 any credit claimed must be maintained for four years following the date the return
 29 was filed claiming the credit.

1 (b) For credits with a carry forward provision, original records supporting the
2 credit must be maintained for four years following the date on which the last return
3 was filed claiming the credit.

4 (2) Documentation supporting a tax credit shall be provided by a taxpayer
5 claiming a tax credit as required by rule or on forms or instructions provided by the
6 secretary.

7 * * *

8 §6005. Qualified new recycling manufacturing or process equipment or service
9 contracts

10 * * *

11 C.(1) A taxpayer who purchases qualified new recycling manufacturing or
12 process equipment or qualified service contracts, or both, as defined in this Section
13 and certified by the secretary of the Department of Environmental Quality to be used
14 or performed exclusively in this state shall be entitled to a credit against any income
15 ~~and corporation franchise~~ taxes imposed by the state in an amount equal to fourteen
16 percent of the cost of the new recycling manufacturing or process equipment or
17 qualified service contract, or both, less the amount of any other tax credits received
18 for the purchase of such equipment or contract, or both.

19 * * *

20 §6006. Tax credits for local inventory taxes paid

21 A.(1) There shall be allowed a credit against any Louisiana income ~~or~~
22 ~~corporation franchise~~ tax for ad valorem taxes paid to political subdivisions on
23 inventory held by manufacturers, distributors, and retailers.

24 (2) There shall be allowed a credit against any Louisiana income ~~or~~
25 ~~corporation franchise~~ tax for ad valorem taxes paid to political subdivisions on
26 natural gas held, used, or consumed in providing natural gas storage services or
27 operating natural gas storage facilities.

28 B.(1) Credit for taxes paid by corporations shall be applied to state corporate
29 income ~~and corporation franchise~~ taxes. Credit for taxes paid by unincorporated

1 persons shall be applied to state personal income taxes. The secretary shall make a
 2 refund to the taxpayer in the amount to which he is entitled from the current
 3 collections of the taxes collected pursuant to ~~Chapters 1 and 5~~ **Chapter 1** of Subtitle
 4 II of this Title. If the amount of the credit authorized pursuant to Subsection A of this
 5 Section exceeds the amount of tax liability for the tax year, the following amounts
 6 of the excess credit shall either be refundable or may be carried forward as a credit
 7 against subsequent Louisiana income ~~or corporation franchise~~ tax liability for a
 8 period not to exceed ten years, as follows:

9 * * *

10 (2) Each taxpayer allowed a credit under this Section shall claim the credit
 11 on its separately filed income ~~or corporate franchise~~ tax return; however, for
 12 purposes of the application of the limitations on refundability of excess credit
 13 provided for in Subparagraphs (1)(a) through (c) of this Subsection, all taxpayers
 14 included in one consolidated federal income tax return filed under the Internal
 15 Revenue Code shall be treated as a single taxpayer.

16 * * *

17 (4) Notwithstanding any provision in this Section to the contrary, for a
 18 manufacturer, as defined in Subparagraph (C)(3)(b) of this Section, if the amount of
 19 the credit authorized pursuant to Subsection A of this Section exceeds the amount
 20 of tax liability for the tax year, the excess credit shall not be refundable and may only
 21 be carried forward as a credit against subsequent Louisiana income ~~or corporation~~
 22 ~~franchise~~ tax liability for a period not to exceed ten years and shall not be refundable.

23 * * *

24 §6006.1. Tax credits for taxes paid with respect to vessels in Outer Continental Shelf
 25 Lands Act Waters

26 A. There shall be allowed a credit against any Louisiana income ~~or~~
 27 ~~corporation franchise~~ tax for ad valorem taxes paid to political subdivisions on
 28 vessels in Outer Continental Shelf Lands Act Waters as certified to the assessor
 29 pursuant to R.S. 47:1956(B) within the calendar year immediately preceding the

1 taxable year of assessment of such vessel. For purposes of this Section, ad valorem
2 taxes shall be deemed to be paid to political subdivisions when they are paid either
3 in money or by applying credits established pursuant to R.S. 47:2132.

4 B. Notwithstanding anything to the contrary in either Chapter 1 ~~or Chapter~~
5 5 of Subtitle II of this Title 47, as amended, the following rules shall apply with
6 respect to the application of the credit established in Subsection A of this Section:

7 (1) The credit for taxes paid by or on behalf of a corporation shall be applied
8 against Louisiana corporate income ~~and corporation franchise~~ taxes of such
9 corporation. However, any such credit allowable to any member of an affiliated
10 group of corporations, as defined in Section 1504 of the Internal Revenue Code of
11 1954, as amended, shall be applied against Louisiana corporate income ~~and~~
12 ~~corporation franchise~~ taxes of such member and any other member of such affiliated
13 group of corporations until the entire amount of the credit has been applied against
14 such Louisiana corporate income taxes ~~or corporation franchise taxes~~.

15 * * *

16 (3) The credit for taxes paid by or on behalf of a corporation classified under
17 Subchapter S of the Internal Revenue Code of 1954, as amended, as an S corporation
18 shall be applied first against any Louisiana corporate income ~~and corporation~~
19 ~~franchise~~ taxes due by such S corporation, and the remainder of any such credit shall
20 be allocated to the shareholder or shareholders of such S corporation in accordance
21 with their respective interests and applied against the Louisiana income tax of such
22 shareholder or shareholders of the S corporation.

23 (4) The credit for taxes paid by or on behalf of a partnership shall be
24 allocated to the partners according to their distributive shares of partnership gross
25 income and applied against any Louisiana income tax ~~and corporation franchise tax~~
26 liability of such partners.

27 * * *

28 C. Notwithstanding any other provision of law to the contrary in Title 47 of
29 the Louisiana Revised Statutes of 1950, as amended, any excess of allowable credit

1 established by this Section over the aggregate tax liabilities against which such credit
 2 can be applied, as provided in this Section, shall constitute an overpayment, as
 3 defined in R.S. 47:1621(A), and the secretary shall make a refund of such
 4 overpayment from the current collections of the taxes imposed by Chapter 1 ~~or~~
 5 ~~Chapter 5~~ of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, as
 6 amended, together with interest as provided in R.S. 47:1624. The right to a credit or
 7 refund of any such overpayment shall not be subject to the requirements of R.S.
 8 47:1621(B). All credits and refunds, together with interest thereon, ~~must~~ **shall** be
 9 paid or disallowed within ninety days of receipt by the secretary, of any such claim
 10 for refund or credit. Failure of the secretary to pay or disallow, in whole or in part,
 11 any claim for a credit or a refund shall entitle the aggrieved taxpayer to proceed with
 12 the remedies provided in R.S. 47:1625.

13 * * *

14 §6013. Tax credits for donations made to public schools

15 A. There shall be allowed a credit against the corporate income tax ~~and the~~
 16 ~~corporation franchise tax~~ for qualified donations made to a public school. The credit
 17 shall be an amount equal to twenty-eight percent of the appraised value of the
 18 qualified donation. Any such credit shall be taken as a credit against the corporate
 19 income ~~or corporation franchise~~ tax for the taxable year in which the donation is
 20 made. The total of all such credits taken in a taxable year shall not exceed the total
 21 tax liability for that taxable year.

22 * * *

23 §6014. Credit for property taxes paid by certain telephone companies; fund

24 A. Pursuant to the provisions of this Section, there shall be allowed a credit
 25 against Louisiana corporation or individual income taxes ~~and Louisiana corporation~~
 26 ~~franchise tax~~ for, and in an amount equal to, forty percent of the aggregate ad
 27 valorem taxes paid to political subdivisions of this state after December 31, 2000, by
 28 a telephone company, as defined in R.S. 47:1851(Q), with respect to such telephone
 29 company's public service properties, as defined in R.S. 47:1851(M), which are

1 assessed by the Louisiana Tax Commission at twenty-five percent of fair market
2 value pursuant to R.S. 47:1854.

3 B. The credit allowed under this Section shall be applied against any
4 Louisiana income ~~or corporation franchise~~ tax shown on a return filed by a person
5 as defined in R.S. 47:2, entitled to such credit as determined under Subsection C of
6 this Section for income or franchise tax years ending on or after December 31, 2001.

7 C. Notwithstanding any provision of law to the contrary, the following
8 provisions shall apply with respect to the application of the credit established in
9 Subsection A of this Section:

10 (1) The credit for ad valorem taxes paid by or on behalf of a corporation shall
11 be applied against Louisiana corporation income ~~and corporation franchise~~ taxes of
12 such corporation. However, any such credit allowable to any member of an affiliated
13 group of corporations, as defined in Section 1504 of the Internal Revenue Code of
14 1986, as amended, shall be applied against Louisiana corporation income ~~and~~
15 ~~corporation franchise~~ taxes of such member and any other member of such affiliated
16 group of corporations until the entire amount of the credit has been applied against
17 such Louisiana corporation income taxes ~~or corporation franchise taxes~~.

18 * * *

19 (3) The credit for taxes paid by or on behalf of a corporation classified under
20 Subchapter S of the Internal Revenue Code of 1986, as amended, as an S corporation
21 shall be applied first against any Louisiana corporation income ~~and corporation~~
22 ~~franchise~~ taxes due by such S corporation, and the remainder of any such credit shall
23 be allocated to the shareholder or shareholders of such S corporation in accordance
24 with their respective interests and applied against the Louisiana income tax of such
25 shareholder or shareholders of the S corporation.

26 * * *

27 §6015. Research and development tax credit

28 * * *

29 B.(1) Any taxpayer who employs fifty or more persons and claims for the

1 taxable year a federal income tax credit under 26 U.S.C. 41(a) for increasing research
2 activities shall be allowed a tax credit to be applied against income ~~and corporation~~
3 ~~franchise~~ taxes due in the manner provided for in Subsection K of this Section.

4 (2) Any taxpayer who employs less than fifty persons and claims for the
5 taxable year a federal income tax credit under 26 U.S.C. 41(a) for the taxable year,
6 or meets the requirements of Subparagraph (3)(i) of this Subsection, shall be allowed
7 a tax credit to be applied against income ~~and corporation franchise~~ taxes due in the
8 manner provided for in Subsection K of this Section.

9 * * *

10 C. * * *

11 (3)(a) All entities taxed as corporations for Louisiana income ~~or corporation~~
12 ~~franchise~~ tax purposes shall claim any credit allowed under this Section on their
13 corporation income ~~and corporation franchise~~ tax return.

14 * * *

15 (d) Entities not taxed as corporations shall claim any credit allowed under this
16 Section on the returns of the partners or members as follows:

17 (i) Corporate partners or members shall claim their share of the credit on their
18 corporation income ~~or corporation franchise~~ tax returns.

19 * * *

20 D. * * *

21 (2) In addition to the credit utilization allowed by Paragraph (C)(3) of this
22 Section, research and development tax credits for tax years 2018 and later that are
23 based on participation in the Small Business Technology Transfer Program or the
24 Small Business Innovation Research Grant program and that were not previously
25 claimed by any taxpayer against his income ~~or corporation franchise~~ tax may be
26 transferred or sold to another Louisiana taxpayer, subject to the following conditions:

27 * * *

28 K. If the amount of the credit authorized pursuant to Subsection A of this
29 Section exceeds the amount of tax liability for the tax year, the excess credit may be

1 carried forward as a credit against subsequent Louisiana income ~~or corporation~~
2 ~~franchise~~ tax liability for a period not to exceed five years.

3 * * *

4 §6019. Tax credit; rehabilitation of historic structures

5 A.(1)(a) There shall be a credit against income ~~and corporation franchise~~ tax
6 for the amount of eligible costs and expenses incurred during the rehabilitation of a
7 historic structure located in a downtown development or a cultural district. The
8 amount of the credit shall equal twenty-five percent of the eligible costs and
9 expenses of the rehabilitation incurred prior to January 1, 2018, regardless of the
10 year in which the property is placed in service. The amount of the credit shall equal
11 twenty percent of the eligible costs and expenses of the rehabilitation incurred on or
12 after January 1, 2018, and before January 1, 2026, regardless of the year in which the
13 property is placed in service. No credit is authorized pursuant to this Section for
14 expenses incurred on or after January 1, 2026.

15 * * *

16 (3)(a) The credit shall be allowed against the income tax for the taxable
17 period in which the credit is earned ~~and against the franchise tax for the taxable~~
18 ~~period following the taxable period in which the credit is earned.~~ If the tax credit
19 allowed pursuant to this Section exceeds the amount of such taxes due, any unused
20 credit may be carried forward as a credit against subsequent tax liability for a period
21 not to exceed five years. This credit may be used in addition to the twenty percent
22 federal tax credit for such purposes.

23 * * *

24 (b) * * *

25 (ii)(aa) All entities taxed as corporations for Louisiana income ~~or corporation~~
26 ~~franchise~~ tax purposes shall claim any credit allowed under this Section on their
27 corporation income ~~and corporation franchise~~ tax return.

28 * * *

29 (dd) Entities not taxed as corporations shall claim any credit allowed under

1 this Section on the returns of the partners or members as follows:

2 (I) Corporate partners or members shall claim their share of the credit on their
3 corporation income ~~or corporation franchise~~ tax returns.

4 * * *

5 §6020. Angel Investor Tax Credit Program

6 * * *

7 D. Tax credits. * * *

8 (2)(a) An investor may apply for and, if qualified, be granted a credit on any
9 income ~~or corporation franchise~~ tax liability owed to the state by the taxpayer
10 seeking to claim the credit in the amount approved by the secretary of the
11 department. The amount of the tax credit shall be based upon the amount of money
12 invested by the investor in the Louisiana Entrepreneurial Business, which investment
13 shall not exceed seven hundred twenty thousand dollars per year per business and
14 one million four hundred forty thousand dollars total per business. Except as
15 otherwise provided in Subparagraph (b) of this Paragraph, the credit shall be allowed
16 against the income tax for the taxable period in which the credit is earned ~~and the~~
17 ~~franchise tax for the taxable period following the period in which the credit is earned.~~
18 The credits approved by the department shall be granted at the rate of twenty-five
19 percent of the amount of the investment with the credit divided in equal portions for
20 two years.

21 * * *

22 (3)(a) All entities taxed as corporations for Louisiana income ~~or corporation~~
23 ~~franchise~~ tax purposes shall claim any credit allowed under this Section on their
24 corporation income ~~and corporation franchise~~ tax return.

25 * * *

26 (d) Entities not taxed as corporations shall claim any credit allowed under this
27 Section on the returns of the partners or members as follows:

28 (i) Corporate partners or members shall claim their share of the credit on their
29 corporation income ~~or corporation franchise~~ tax returns.

1 * * *

2 §6022. Digital interactive media and software tax credit

3 * * *

4 E. Use of tax credits.

5 (1) For tax credits earned for expenditures made on or before December 31,
6 2011:

7 * * *

8 (b) All entities taxed as corporations for Louisiana income tax purposes shall
9 claim any credit on their corporation income ~~and franchise~~ tax return.

10 * * *

11 (e) Any tax credits allocated to a person and not previously claimed by any
12 taxpayer against his Louisiana ~~state income or franchise~~ tax may be transferred or
13 sold by such person to another person, subject to the following conditions:

14 * * *

15 §6033. Apprenticeship tax credits

16 * * *

17 C. Administration of the credit. For taxable periods beginning after December
18 31, 2021, there shall be allowed a nonrefundable tax credit against Louisiana income
19 tax ~~or corporation franchise tax~~ for the employment of eligible apprentices as
20 provided for in this Section.

21 * * *

22 D. Application of the credit.

23 (1) The credit shall be allowed against the income ~~or franchise~~ tax due from
24 a taxpayer for the taxable period in which the credit is earned. If the tax credit
25 allowed pursuant to this Section exceeds the amount of such taxes due from a
26 taxpayer, then the taxpayer as a credit may carry any unused credit forward to be
27 applied against subsequent tax liability for a period not to exceed five years.
28 However, in no event shall the amount of the tax credit applied by a taxpayer in a
29 taxable period exceed the amount of such taxes due from the taxpayer for that

1 taxable period.

2 (2) All entities taxed as corporations for Louisiana income tax purposes shall
3 claim any credit on their corporation income ~~and franchise~~ tax return.

4 * * *

5 §6036. Ports of Louisiana tax credits

6 * * *

7 C. Investor tax credit.

8 (1)(a) There are hereby authorized the following credits against state income
9 ~~and corporate franchise~~ tax:

10 * * *

11 I. Import-export cargo tax credit

12 * * *

13 (2)(a)(i) For taxable years beginning on and after January 1, 2014, there shall
14 be allowed a credit against the ~~individual income, corporation income, and~~
15 ~~corporation franchise~~ tax liability of a taxpayer who has received certification
16 pursuant to the provisions of Paragraph (1) of this Subsection, provided that the
17 credit shall be allowed only against the tax liability of the international business
18 entity which receives the certification. The amount of the credit shall be equal to the
19 product of multiplying three dollars and sixty cents by the taxpayer's number of tons
20 of qualified cargo for the taxable year which exceeds the pre-certification tonnage
21 or the product of multiplying the number of dollars by the taxpayer's number of tons
22 of qualified cargo for the taxable year or portion of a taxable year which exceeds the
23 pre-certification tonnage which is warranted by the significant positive economic
24 benefit determined by the commissioner pursuant to Item (ii) of this Subparagraph,
25 whichever is less. For purposes of this Item, "pre-certification tonnage" means the
26 number of tons of cargo which meets the definition of qualified cargo for purposes
27 of this credit, and which was owned by the international business entity receiving the
28 credit, were imported or exported to or from a manufacturing, fabrication, assembly,
29 distribution, processing, or warehouse facility located in Louisiana, and which were

1 so moved by way of an oceangoing vessel berthed at public port facilities in
 2 Louisiana during the calendar year prior to the year in which the application is
 3 submitted. However, each tax credit granted to a taxpayer shall be subject to the
 4 same limit as is provided for a qualifying project pursuant to Subparagraph (C)(1)(b)
 5 of this Section. In addition, the import-export cargo tax credits granted by the
 6 department to any recipient pursuant to this Section shall be limited to an amount
 7 which shall not result in a reduction of tax liability by all recipients of such credits
 8 to exceed four million five hundred thousand dollars in any fiscal year.

* * *

10 (b) In the event that the tax credits allowed pursuant to this Subsection
 11 exceed the total tax liability of the taxpayer in the taxable year, the amount of the
 12 credit not used as an offset against such tax liability may be carried forward as a
 13 credit against subsequent ~~individual and corporation income, or corporation franchise~~
 14 tax liabilities for a period not to exceed five taxable years.

* * *

16 §6107. Business-supported child care

17 A.(1) There shall be a refundable credit against any Louisiana ~~individual or~~
 18 ~~corporation~~ income tax ~~or corporation franchise tax~~ for the eligible business child
 19 care expenses supported by a business. The credit shall be the following percentages
 20 of such eligible business child care expenses depending upon the quality rating of the
 21 child care facility to which the expenses are related or the quality rating of the child
 22 care facility the child attends:

* * *

24 (2) There shall be an additional refundable credit against any Louisiana
 25 ~~individual or corporation~~ income tax ~~or corporation franchise tax~~ for the payment by
 26 a business of fees and grants to child care resource and referral agencies not to
 27 exceed five thousand dollars per tax year.

28 B. The credits provided for in this Section shall be allowed against income
 29 tax ~~or corporate franchise tax~~ for the taxable period in which the credit is earned. If

1 the tax credit exceeds the amount of such taxes due, then the unused credit shall be
2 refunded as provided for in R.S. 47:6108.

3 * * *

4 Section 2. R.S. 51:1787(A)(2)(a) and (b) and (G) are hereby amended and reenacted
5 to read as follows:

6 §1787. Enterprise zone incentives

7 A. The board, after consultation with the secretaries of the Department of
8 Economic Development and Department of Revenue, and with the approval of the
9 governor, may enter into contracts not to exceed five years to provide:

10 * * *

11 (2)(a) Except as provided in Subparagraph (b) of this Paragraph, for a two
12 thousand five hundred dollar tax credit per net new employee as determined by the
13 company's average annual employment reported under the Louisiana Employment
14 Security Law during the taxable year for which credit is claimed. For projects for
15 which the advance notification form is filed on or after April 1, 2016, the amount of
16 the credit provided for in this Subparagraph shall be one thousand dollars per net
17 new employee, unless either the net new employee for which the credit is claimed
18 was receiving Supplemental Nutrition Assistance Program (SNAP), Women, Infants,
19 and Children (WIC), Medicaid, unemployment benefits, or any other benefits from
20 a similar public assistance program, as provided for in rule by the Department of
21 Economic Development, during the six-month period prior to employment or the net
22 new employee is hired by a participating business located in an enterprise zone. The
23 amount of the credit for each net new employee meeting these qualifications shall
24 be three thousand five hundred dollars. This tax credit may be applied to any state
25 income tax liability ~~or any state corporate franchise tax liability~~, but not liabilities
26 for penalty or interest, due or outstanding at the time the credit is generated.
27 However, credits may be applied to a due or outstanding tax liability attributable to
28 tax years prior to the year in which the credit is generated only if the tax liability is
29 the result of an assessment, administrative, or judicial proceeding by the Department

1 of Revenue after an audit, provided that no further interest or penalty shall be
 2 accrued on such tax liability after the credit is generated. If the entire credit cannot
 3 be used in the year claimed, the remainder may be applied against the income tax ~~or~~
 4 ~~corporate franchise tax~~ for the succeeding ten taxable years or until the entire credit
 5 is used, whichever occurs first. These credits shall also apply to those tax liabilities,
 6 but not liabilities for penalty or interest, identified in tax years where existing
 7 contracts generate the credit.

8 (b) In lieu of the tax credit provided in Subparagraph (a) of this Paragraph,
 9 for aviation or aerospace industries as defined in North American Industry
 10 Classification System (NAICS) Code 336411, 336412, 336413, and 332912, for a
 11 five thousand dollar tax credit for each new job created. This tax credit may be
 12 applied to any state income tax liability ~~or any state franchise tax liability~~ within a
 13 ten-year period from the date that the contract becomes effective or until the entire
 14 credit is used, whichever occurs first.

15 * * *

16 G. The board, after consultation with the secretaries of the Department of
 17 Economic Development and the Department of Revenue, and with the approval of
 18 the governor, may enter into agreements with employers located in either urban or
 19 rural enterprise zones or in economic development zones under which employers
 20 may receive a two-year tax credit for a total of two thousand five hundred dollars for
 21 each FITAP participant who is employed full time for a period of not less than two
 22 years for compensation which will disqualify such person from continued
 23 participation in the FITAP program. This tax credit may be applied to any state
 24 income tax liability ~~or any state franchise tax liability~~ and shall be used for the
 25 taxable year in which the increase in average annual employment occurred.
 26 However, an employee shall be limited to two years participation under the program.
 27 No employer shall obtain a credit for more than ten employees in the first year of
 28 participation in the program authorized by this Section. Employers shall be eligible
 29 for tax credits under the program for ten years.

1 * * *

2 Section 3. R.S. 47:287.662 and Chapter 5 of Subtitle II of Title 47 of the Louisiana
3 Revised Statutes of 1950, comprised of R.S. 47:601 through 618, are hereby repealed.

4 Section 4. This Act shall be applicable to all tax periods beginning on or after
5 January 1, 2025.

6 Section 5. This Act shall become effective January 1, 2025.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Leonore Heavey.

DIGEST

SB 1 Original 2023 Regular Session Allain

Present law levies a corporation franchise tax on domestic corporations and foreign corporations that exercise their charter, or are qualified to do business or actually do business in this state, or own or use any part or all of their capital, plant, or any other property in this state.

Proposed law repeals the corporation franchise tax for all tax periods beginning on or after Jan. 1, 2025.

Present law provides for the utilization of certain tax credits to reduce the franchise tax that would otherwise be due.

Proposed law removes the provisions in present law that provide for the utilization of tax credits against the franchise tax.

Proposed law clarifies that credits that were earned in a tax period prior to the repeal of the tax may continue to be used against that tax for any applicable period prior to the repeal of the tax.

Effective January 1, 2025.

(Amends R.S. 47:287.750(E)(1), 1675(J), 6005(C)(1), 6006(A), 6006(B)(1)(intro para), R.S. 47:6006(B)(2), and (4), 6006.1(A), 6006.1(B)(intro para), R.S. 47:6006.1(B)(1), (3), and (4), and (C), 6013(A), 6014(A), (B), and (C)(1) and (3), 6015(B)(1) and (2), (C)(3)(a) and (d)(i), 6015(D)(2)(intro para), R.S. 47:6015(K), 6019(A)(1)(a), (3)(a) and (b)(ii)(aa) and (dd)(I), 6020(D)(2)(a), (3)(a) and (d)(i), 6022(E)(1)(b), 6022(E)(1)(e)(intro para), R.S. 47:6033(C) and (D)(1) and (2), 6036(C)(1)(a)(intro para), R.S. 47:6036(I)(2)(a)(i) and (b), 6107(A)(1)(intro para), R.S. 47:6107(A)(2) and (B), and R.S. 51:1787(A)(2)(a) and (b) and (G); adds R.S. 47:1675(K); repeals R.S. 47:287.662 and R.S. 47:601 through 618)