

2023 Regular Session

HOUSE BILL NO. 364

BY REPRESENTATIVE BISHOP

TAX/CORP FRANCHISE: Phases-out the corporate franchise tax over four years

1 AN ACT

2 To amend and reenact R.S. 47:601(B), (C)(2), and (D) and to enact R.S. 47:601(E) and  
3 611(C), relative to the corporate franchise tax; to provide for the rate of the corporate  
4 franchise tax; to provide for a reduction and eventual elimination of the corporate  
5 franchise tax; to prohibit the levy of an initial tax under certain circumstances; to  
6 provide for applicability; to provide for an effective date; and to provide for related  
7 matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:601(B), (C)(2), and (D) are hereby amended and reenacted and  
10 R.S. 47:601(E) and 611(C) are hereby enacted to read as follows:

11 §601. Imposition of tax

12 \* \* \*

13 B. It is the purpose of this Section to require the payment of this tax to the  
14 state of Louisiana by domestic corporations for the right granted by the laws of this  
15 state to exist as such an organization, and by both domestic and foreign corporations  
16 for the enjoyment, under the protection of the laws of this state, of the powers, rights,  
17 privileges, and immunities derived by reason of the corporate form of existence and  
18 operation. The tax ~~hereby~~ imposed pursuant to the provisions of this Chapter shall  
19 be in addition to all other taxes levied by any other statute.

1 C.

2 \* \* \*

3 (2) The term "foreign corporation" shall mean and include all such business  
4 organizations as hereinbefore described in ~~this Paragraph (1) of this Subsection~~  
5 which are organized under the laws of any other state, territory or district, or foreign  
6 country.

7 \* \* \*

8 D. The annual tax levied on taxable capital pursuant to the provisions of this  
9 Chapter shall be at the following rates:

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

15 (2) Except as otherwise provided in R.S. 47:601.1 or 601.2, for taxable  
16 periods beginning on or after January 1, 2023, and before January 1, 2025, ~~the annual~~  
17 ~~rate of tax shall be~~ two dollars and seventy-five cents for each one thousand dollars,  
18 or major fraction thereof, in excess of three hundred thousand dollars ~~of taxable~~  
19 ~~capital~~.

20 (3) Except as otherwise provided in R.S. 47:601.2, for taxable periods  
21 beginning on or after January 1, 2025, and before January 1, 2026, two dollars and  
22 six cents for each for each one thousand dollars, or major fraction thereof, in excess  
23 of three hundred thousand dollars.

24 (4) Except as otherwise provided in R.S. 47:601.2, for taxable periods  
25 beginning on or after January 1, 2026, and before January 1, 2027, one dollar and  
26 thirty-seven cents for each one thousand dollars, or major fraction thereof, in excess  
27 of three hundred thousand dollars.

28 (5) Except as otherwise provided in R.S. 47:601.2, for taxable periods  
29 beginning on or after January 1, 2027, and before January 1, 2028, sixty-eight cents



profits, and the allocation of taxable capital. Present law further provides for the administration of the tax as well as the collection and payment of the tax.

Present law requires every corporation or other entity subject to the franchise tax to pay only an initial tax of \$110 in the first accounting period in which it becomes subject to the tax. After the first closing of the corporate books, the tax is payable as provided in present law.

Proposed law provides for a four-year phase-out of the corporate franchise tax by reducing the tax rate as follows:

- (1) For taxable periods beginning on or after Jan. 1, 2025, and before Jan. 1, 2026, \$2.06 for each \$1,000, or major fraction thereof, in excess of \$300,000.
- (2) For taxable periods beginning on or after Jan. 1, 2026, and before Jan. 1, 2027, \$1.37 for each \$1,000, or major fraction thereof, in excess of \$300,000.
- (3) For taxable periods beginning on or after Jan. 1, 2027, and before Jan. 1, 2028, \$0.68 for each \$1,000, or major fraction thereof, in excess of \$300,000.
- (4) For taxable periods beginning on or after Jan. 1, 2028, no corporation franchise tax shall be assessed, levied, or collected by the state nor paid by domestic or foreign corporations on taxable capital.

Proposed law provides that no initial tax shall be levied or collected by the state nor paid by domestic or foreign corporations for taxable periods beginning on or after Jan. 1, 2028.

Proposed law applies to all corporate franchise tax periods beginning on or after Jan. 1, 2025.

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

(Amends R.S. 47:601(B), (C)(2), and (D); Adds R.S. 47:601(E) and 611(C))