

2023 Regular Session

HOUSE BILL NO. 387

BY REPRESENTATIVE BISHOP

TAX/CORP FRANCHISE: Repeals the corporation franchise tax and removes eligibility of certain tax credits to be claimed against corporation franchise tax

1 AN ACT

2 To amend and reenact R.S. 47:287.750(E)(1), 6005(C)(1), 6006(A), (B)(1)(introductory

3 paragraph), (2), and (4), 6006.1(A), (B)(1), (3), and (4), 6008(A), 6013(A), 6014(A),

4 (B), and (C)(1), (3), (4), and (5), 6015(B)(1) and (2), (C)(3)(a) and (d)(i), (D)(2), and

5 (K), 6017(A), 6018(B), 6019(A)(1)(a) and (3)(a) and (b)(ii)(aa) and (dd)(I),

6 6020(D)(2)(a) and (3)(a) and (d)(i), 6022(E)(1)(a), (b), and (e)(introductory

7 paragraph), 6028(C)(introductory paragraph) and (D)(1) and (2), 6032(A) and (D),

8 6033(C)(introductory paragraph) and (D)(1) and (2), 6036(C)(1)(a)(introductory

9 paragraph) and (I)(2)(a)(i) and (b), 6105(A), 6107(A) and (B), and 6108(A) and

10 (B)(introductory paragraph), (1), (3), and (4), R.S. 51:1787(A)(2)(a) and (b) and

11 2399.3(A)(1) and (3)(a) and (d)(i) and to repeal Chapter 5 of Subtitle II of Title 47

12 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:601 through 618,

13 and 3204(H)(1), (I)(1)(a), and (J)(1), relative to corporation franchise tax; to repeal

14 the corporation franchise tax; to repeal provisions relative to the application,

15 administration, collection, and payment of the corporation franchise tax; to repeal

16 exemptions to the corporation franchise tax; to provide with respect to tax credits

17 applicable against corporation franchise tax; to provide for applicability; to provide

18 for an effective date; and to provide for related matters.

1 Be it enacted by the Legislature of Louisiana:

2 Section 1. R.S. 47:287.750(E)(1), 6005(C)(1), 6006(A), (B)(1)(introductory  
3 paragraph), (2), and (4), 6006.1(A), (B)(1), (3), and (4), 6008(A), 6013(A), 6014(A), (B),  
4 and (C)(1), (3), (4), and (5), 6015(B)(1) and (2), (C)(3)(a) and (d)(i), (D)(2), and (K),  
5 6017(A), 6018(B), 6019(A)(1)(a) and (3)(a) and (b)(ii)(aa) and (dd)(I), 6020(D)(2)(a) and  
6 (3)(a) and (d)(i), 6022(E)(1)(a), (b), and (e)(introductory paragraph), 6028(C)(introductory  
7 paragraph) and (D)(1) and (2), 6032(A) and (D), 6033(C)(introductory paragraph) and (D)(1)  
8 and (2), 6036(C)(1)(a)(introductory paragraph) and (I)(2)(a)(i) and (b), 6105(A), 6107(A)  
9 and (B), and 6108(A) and (B)(introductory paragraph), (1), (3), and (4) are hereby amended  
10 and reenacted 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 §6005. Qualified new recycling manufacturing or process equipment and service  
17 contracts

18 \* \* \*

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

27 \* \* \*

1 §6006. Tax credits for local inventory taxes paid

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

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

9 B.(1) Credit for taxes paid by corporations shall be applied to state corporate  
10 income ~~and corporation franchise~~ taxes. Credit for taxes paid by unincorporated  
11 persons shall be applied to state personal income taxes. The secretary shall make a  
12 refund to the taxpayer in the amount to which he is entitled from the current  
13 collections of the taxes collected pursuant to ~~Chapters~~ Chapter 1 ~~and 5~~ of Subtitle II  
14 of this Title. If the amount of the credit authorized pursuant to Subsection A of this  
15 Section exceeds the amount of tax liability for the tax year, the following amounts  
16 of the excess credit shall either be refundable or may be carried forward as a credit  
17 against subsequent Louisiana income ~~or corporation franchise~~ tax liability for a  
18 period not to exceed ten years, as follows:

19 \* \* \*

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

26 \* \* \*

27 (4) Notwithstanding any provision in this Section to the contrary, for a  
28 manufacturer, as defined in Subparagraph (C)(3)(b) of this Section, if the amount of  
29 the credit authorized pursuant to Subsection A of this Section exceeds the amount

1 of tax liability for the tax year, the excess credit shall not be refundable and may only  
2 be carried forward as a credit against subsequent Louisiana income ~~or corporation~~  
3 ~~franchise~~ tax liability for a period not to exceed ten years and shall not be refundable.

4 \* \* \*

5 §6006.1. Tax credits for taxes paid with respect to vessels in Outer Continental  
6 Shelf Lands Act Waters

7 A. There shall be allowed a credit against any Louisiana income ~~or~~  
8 ~~corporation franchise~~ tax for ad valorem taxes paid to political subdivisions on  
9 vessels in Outer Continental Shelf Lands Act Waters as certified to the assessor  
10 pursuant to R.S. 47:1956(B) within the calendar year immediately preceding the  
11 taxable year of assessment of such vessel. For purposes of this Section, ad valorem  
12 taxes shall be deemed to be paid to political subdivisions when they are paid either  
13 in money or by applying credits established pursuant to R.S. 47:2132.

14 B. Notwithstanding anything to the contrary in ~~either~~ Chapter 1 ~~or Chapter~~  
15 5 of Subtitle II of this Title, as amended, the following rules shall apply with respect  
16 to the application of the credit established in Subsection A of this Section:

17 (1) The credit for taxes paid by or on behalf of a corporation shall be applied  
18 against Louisiana corporate income ~~and corporation franchise~~ taxes of ~~such the~~  
19 corporation. However, any ~~such~~ credit allowable to any member of an affiliated  
20 group of corporations, as defined in Section 1504 of the Internal Revenue Code of  
21 1954, as amended, shall be applied against Louisiana corporate income ~~and~~  
22 ~~corporation franchise~~ taxes of ~~such the~~ member and any other member of ~~such the~~  
23 affiliated group of corporations until the entire amount of the credit has been applied  
24 against ~~such~~ Louisiana corporate income taxes ~~or corporation franchise~~ taxes.

25 \* \* \*

26 (3) The credit for taxes paid by or on behalf of a corporation classified under  
27 Subchapter S of the Internal Revenue Code of 1954, as amended, as an S corporation  
28 shall be applied first against any Louisiana corporate income ~~and corporation~~  
29 ~~franchise~~ taxes due by ~~such the~~ S corporation, and the remainder of any ~~such~~ credit

1 shall be allocated to the shareholder or shareholders of ~~such~~ the S corporation in  
2 accordance with their respective interests and applied against the Louisiana income  
3 tax of ~~such~~ the shareholder or shareholders of the S corporation.

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

8 \* \* \*

9 §6008. Tax credits for donations made to assist playgrounds in economically  
10 depressed areas

11 A. There shall be allowed a credit against any Louisiana income ~~or~~  
12 ~~corporation franchise~~ tax for qualified donations made to qualified playgrounds. The  
13 credit shall be an amount equal to the lesser of seven hundred twenty dollars or  
14 thirty-six one hundredths of the value of the cash, equipment, goods, or services  
15 donated. Any ~~such~~ credit shall be taken as a credit against the applicable tax ~~or taxes~~  
16 ~~only~~ in the taxable period in which the donation is made. The total amount of the  
17 credits taken by any taxpayer during any taxable year shall not exceed one thousand  
18 dollars.

19 \* \* \*

20 §6013. Tax credits for donations made to public schools

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

28 \* \* \*

1 §6014. Credit for property taxes paid by certain telephone companies; fund

2 A. Pursuant to the provisions of this Section, there shall be allowed a credit  
3 against Louisiana ~~corporation or individual~~ income taxes ~~and Louisiana corporation~~  
4 ~~franchise tax for,~~ and in an amount equal to; forty percent of the aggregate ad  
5 valorem taxes paid to political subdivisions of this state after December 31, 2000, by  
6 a telephone company, as defined in R.S. 47:1851(Q), with respect to such telephone  
7 company's public service properties, as defined in R.S. 47:1851(M), which are  
8 assessed by the Louisiana Tax Commission at twenty-five percent of fair market  
9 value pursuant to R.S. 47:1854.

10 B. The credit allowed under this Section shall be applied against any  
11 Louisiana income ~~or corporation franchise~~ tax shown on a return filed by a person  
12 as defined in R.S. 47:2, entitled to ~~such~~ the credit as determined under Subsection  
13 C of this Section for income ~~or franchise~~ tax years ending on or after December 31,  
14 2001.

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

18 (1) The credit for ad valorem taxes paid by or on behalf of a corporation  
19 shall be applied against Louisiana corporation income ~~and corporation franchise~~  
20 taxes of ~~such~~ the corporation. However, any ~~such~~ credit allowable to any member  
21 of an affiliated group of corporations, as defined in Section 1504 of the Internal  
22 Revenue Code of 1986, as amended, shall be applied against Louisiana corporation  
23 income ~~and corporation franchise~~ taxes of ~~such~~ the member and any other member  
24 of ~~such~~ the affiliated group of corporations until the entire amount of the credit has  
25 been applied against ~~such~~ Louisiana corporation income taxes ~~or corporation~~  
26 ~~franchise taxes.~~

27 \* \* \*

28 (3) The credit for taxes paid by or on behalf of a corporation classified under  
29 Subchapter S of the Internal Revenue Code of 1986, as amended, as an S corporation

1 shall be applied first against any Louisiana corporation income ~~and corporation~~  
2 ~~franchise~~ taxes due by ~~such~~ the S corporation, and the remainder of any ~~such~~ credit  
3 shall be allocated to the shareholder or shareholders of ~~such~~ the S corporation in  
4 accordance with their respective interests and applied against the Louisiana income  
5 tax of ~~such~~ the shareholder or shareholders of the S corporation.

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

10 (5) The credit for taxes paid by or on behalf of a limited liability company  
11 shall be allocated to the members according to their distributive shares of ~~such~~ the  
12 limited liability company's gross income and applied against any Louisiana income  
13 tax ~~and corporation franchise tax~~ liability of ~~such~~ the members; however, the credit  
14 for taxes paid by or on behalf of a limited liability company treated as a corporation  
15 for Louisiana income tax purposes may be applied against the Louisiana corporation  
16 income taxes of ~~such~~ the limited liability company.

17 \* \* \*

18 §6015. Research and development tax credit

19 \* \* \*

20 B.(1) Any taxpayer who employs fifty or more persons and claims for the  
21 taxable year a federal income tax credit under 26 U.S.C. 41(a) for increasing research  
22 activities shall be allowed a tax credit to be applied against income ~~and corporation~~  
23 ~~franchise~~ taxes due in the manner provided for in Subsection K of this Section.

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

29 \* \* \*

1 C.

2 \* \* \*

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

6 \* \* \*

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

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

11 \* \* \*

12 D.

13 \* \* \*

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

20 \* \* \*

21 K. If the amount of the credit authorized pursuant to Subsection A of this  
22 Section exceeds the amount of tax liability for the tax year, the excess credit may be  
23 carried forward as a credit against subsequent Louisiana income ~~or corporation~~  
24 ~~franchise~~ tax liability for a period not to exceed five years.

25 \* \* \*

26 §6017. Tax credits for certain expenses paid by economic development corporations

27 A. There shall be allowed a credit against ~~any~~ Louisiana income ~~or~~  
28 ~~corporation franchise~~ taxes for the filing fee paid to the Louisiana State Bond  
29 Commission that is incurred by an economic development corporation in the

1 preparation and issuance of bonds, as provided for in Chapter 27 of Title 33 of the  
2 Louisiana Revised Statutes of 1950. The credit shall be an amount equal to seventy-  
3 two percent of the amount of the filing fee paid to the Louisiana State Bond  
4 Commission that is incurred by the corporation in the preparation and issuance of the  
5 bonds.

6 \* \* \*

7 §6018. Tax credits for purchasers from "PIE contractors"

8 \* \* \*

9 B. There shall be allowed a credit in each tax year beginning on and after  
10 January 1, 2007, against the Louisiana income tax ~~and the Louisiana corporate~~  
11 ~~franchise tax~~ for any individual or business which purchases specialty apparel items  
12 including, but not limited to industrial clothes, uniforms, and scrubs, from a  
13 contractor in a certified Private Sector/Prison Industry Enhancement Program which  
14 employs inmates of Louisiana correctional institutions to manufacture such apparel.

15 \* \* \*

16 §6019. Tax credit; rehabilitation of historic structures

17 A.(1)(a) There shall be a credit against income ~~and corporation franchise~~ tax  
18 for the amount of eligible costs and expenses incurred during the rehabilitation of a  
19 historic structure located in a downtown development or a cultural district. The  
20 amount of the credit shall equal twenty-five percent of the eligible costs and  
21 expenses of the rehabilitation incurred prior to January 1, 2018, regardless of the  
22 year in which the property is placed in service. The amount of the credit shall equal  
23 twenty percent of the eligible costs and expenses of the rehabilitation incurred on or  
24 after January 1, 2018, and before January 1, 2026, regardless of the year in which the  
25 property is placed in service. No credit is authorized pursuant to this Section for  
26 expenses incurred on or after January 1, 2026.

27 \* \* \*

28 (3)(a) The credit shall be allowed against the income tax for the taxable  
29 period in which the credit is earned ~~and against the franchise tax for the taxable~~

1 ~~period following the taxable period in which the credit is earned.~~ If the tax credit  
2 allowed pursuant to this Section exceeds the amount of such taxes due, any unused  
3 credit may be carried forward as a credit against subsequent tax liability for a period  
4 not to exceed five years. This credit may be used in addition to the twenty percent  
5 federal tax credit for such purposes.

6 (b)

7 \* \* \*

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

11 \* \* \*

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

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

16 \* \* \*

17 §6020. Angel Investor Tax Credit Program

18 \* \* \*

19 D. Tax credits.

20 \* \* \*

21 (2)(a) An investor may apply for and, if qualified, be granted a credit on any  
22 income ~~or corporation franchise~~ tax liability owed to the state by the taxpayer  
23 seeking to claim the credit in the amount approved by the secretary of the  
24 department. The amount of the tax credit shall be based upon the amount of money  
25 invested by the investor in the Louisiana Entrepreneurial Business, which investment  
26 shall not exceed seven hundred twenty thousand dollars per year per business and  
27 one million four hundred forty thousand dollars total per business. Except as  
28 otherwise provided in Subparagraph (b) of this Paragraph, the credit shall be allowed  
29 against the income tax for the taxable period in which the credit is earned ~~and the~~

1 ~~franchise tax for the taxable period following the period in which the credit is earned.~~

2 The credits approved by the department shall be granted at the rate of twenty-five  
3 percent of the amount of the investment with the credit divided in equal portions for  
4 two years.

5 \* \* \*

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

9 \* \* \*

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

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

14 \* \* \*

15 §6022. Digital interactive media and software tax credit

16 \* \* \*

17 E. Use of tax credits. (1) For tax credits earned for expenditures made on  
18 or before December 31, 2011:

19 (a) The credit shall be allowed against the income ~~or franchise~~ tax due from  
20 a taxpayer for the taxable period in which the credit is earned as well as the  
21 immediately preceding period. If the tax credit allowed pursuant to this Section  
22 exceeds the amount of such taxes due from a taxpayer, then any unused credit may  
23 be carried forward by the taxpayer as a credit against subsequent tax liability for a  
24 period not to exceed ten years. However, in no event shall the amount of the tax  
25 credit applied by a taxpayer in a taxable period exceed the amount of such taxes due  
26 from the taxpayer for that taxable period.

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

29 \* \* \*

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

4 \* \* \*

5 §6028. Louisiana Youth Jobs Tax Credit Program

6 \* \* \*

7 C. Administration of the credit. There shall be allowed a nonrefundable tax  
8 credit against income ~~and corporation franchise~~ taxes for a business that hires one  
9 or more eligible youth on or after July 1, 2021. Notwithstanding any provision of  
10 this Section to the contrary, no credit shall be granted unless the eligible youth works  
11 at least three consecutive months in a full-time or part-time position at the business.

12 \* \* \*

13 D. Application of the credit. (1) The credit shall be allowed against the  
14 income ~~or corporation franchise~~ tax due from a taxpayer for the taxable period in  
15 which the credit is earned. If the tax credit allowed pursuant to this Section exceeds  
16 the amount of ~~such~~ taxes due from a taxpayer, then the taxpayer may carry forward  
17 any unused portion as a credit against subsequent tax liability for a period not to  
18 exceed five years. However, in no event shall the amount of the tax credit applied  
19 by a taxpayer in a taxable period exceed the amount of ~~such~~ taxes due from the  
20 taxpayer for that taxable period.

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

23 \* \* \*

24 §6032. Tax credit for certain milk producers

25 A. A resident taxpayer engaged in the business of producing milk for sale  
26 shall be allowed a refundable tax credit based on the amount of milk produced and  
27 sold. The credit may be claimed against any Louisiana income tax ~~and the~~  
28 ~~corporation franchise tax~~. The credit shall be allowed when the USDA Uniform

1 Price in Federal Order Number 7 drops below the announced production price any  
2 time during the calendar year.

3 \* \* \*

4 D. The credit provided by this Section shall be earned on the last day of each  
5 calendar year and may be claimed against the income tax for the taxable year that  
6 includes the day on which the credit is earned ~~or for the succeeding franchise tax~~  
7 ~~year~~. The credit shall be prorated on a quarterly basis.

8 \* \* \*

9 §6033. Apprenticeship tax credits

10 \* \* \*

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

15 \* \* \*

16 D. Application of the credit.

17 (1) The credit shall be allowed against the income ~~or franchise~~ tax due from  
18 a taxpayer for 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 from a  
20 taxpayer, then the taxpayer as a credit may carry any unused credit forward to be  
21 applied against subsequent tax liability for a period not to exceed five years.  
22 However, in no event shall the amount of the tax credit applied by a taxpayer in a  
23 taxable period exceed the amount of ~~such~~ taxes due from the taxpayer for that  
24 taxable period.

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

27 \* \* \*

28 §6036. Ports of Louisiana tax credits

29 \* \* \*

1 C. Investor tax credit.

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

4 \* \* \*

5 I. Import-export cargo tax credit.

6 \* \* \*

7 (2)(a)(i) For taxable years beginning on and after January 1, 2014, there shall  
8 be allowed a credit against the ~~individual~~ income, ~~corporation~~ income, and  
9 ~~corporation~~ franchise tax liability of a taxpayer who has received certification  
10 pursuant to the provisions of Paragraph (1) of this Subsection, provided that the  
11 credit shall be allowed only against the tax liability of the international business  
12 entity which receives the certification. The amount of the credit shall be equal to the  
13 product of multiplying three dollars and sixty cents by the taxpayer's number of tons  
14 of qualified cargo for the taxable year which exceeds the pre-certification tonnage  
15 or the product of multiplying the number of dollars by the taxpayer's number of tons  
16 of qualified cargo for the taxable year or portion of a taxable year which exceeds the  
17 pre-certification tonnage which is warranted by the significant positive economic  
18 benefit determined by the commissioner pursuant to Item (ii) of this Subparagraph,  
19 whichever is less. For purposes of this Item, "pre-certification tonnage" means the  
20 number of tons of cargo which meets the definition of qualified cargo for purposes  
21 of this credit, and which was owned by the international business entity receiving the  
22 credit, were imported or exported to or from a manufacturing, fabrication, assembly,  
23 distribution, processing, or warehouse facility located in Louisiana, and which were  
24 so moved by way of an oceangoing vessel berthed at public port facilities in  
25 Louisiana during the calendar year prior to the year in which the application is  
26 submitted. However, each tax credit granted to a taxpayer shall be subject to the  
27 same limit as is provided for a qualifying project pursuant to Subparagraph (C)(1)(b)  
28 of this Section. In addition, the import-export cargo tax credits granted by the  
29 department to any recipient pursuant to this Section shall be limited to an amount

1 which shall not result in a reduction of tax liability by all recipients of such credits  
2 to exceed four million five hundred thousand dollars in any fiscal year.

3 \* \* \*

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

9 \* \* \*

10 §6105. Child care provider tax credit

11 A. There shall be a credit against any Louisiana ~~individual or corporation~~  
12 income tax ~~or corporation franchise tax~~ for a child care provider refundable as  
13 provided for in R.S. 47:6108. The tax credit shall be an amount based upon the  
14 average monthly number of children who either participate in the Child Care  
15 Assistance Program administered by the office of children and family services in the  
16 Department of Children and Family Services or who are foster children in the  
17 custody of the Department of Children and Family Services, and who are attending  
18 a child care facility or facilities operated by the child care provider, multiplied by an  
19 amount which shall be based upon the quality rating of each child care facility  
20 operated by the child care provider as follows:

21 \* \* \*

22 §6107. Business-supported child care

23 A.(1) There shall be a refundable credit against any Louisiana ~~individual or~~  
24 ~~corporation~~ income tax ~~or corporation franchise tax~~ for the eligible business child  
25 care expenses supported by a business. The credit shall be the following percentages  
26 of such eligible business child care expenses depending upon the quality rating of the  
27 child care facility to which the expenses are related or the quality rating of the child  
28 care facility the child attends:



1 pay or disallow, in whole or in part, any claim for a credit or a refund shall entitle the  
2 aggrieved taxpayer to proceed with the remedies provided in R.S. 47:1625.

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

6 (1) The credit for taxes paid by or on behalf of a corporation shall be applied  
7 against Louisiana corporate income ~~and corporation franchise~~ taxes of ~~such the~~  
8 corporation.

9 \* \* \*

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

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

21 \* \* \*

22 Section 2. R.S. 51:1787(A)(2)(a) and (b) and 2399.3(A)(1) and (3)(a) and (d)(i) are  
23 hereby amended and reenacted to read as follows:

24 §1787. Enterprise zone incentives

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

28 \* \* \*

1           (2)(a) Except as provided in Subparagraph (b) of this Paragraph, for a two  
2           thousand five hundred dollar tax credit per net new employee as determined by the  
3           company's average annual employment reported under the Louisiana Employment  
4           Security Law during the taxable year for which credit is claimed. For projects for  
5           which the advance notification form is filed on or after April 1, 2016, the amount of  
6           the credit provided for in this Subparagraph shall be one thousand dollars per net  
7           new employee, unless either the net new employee for which the credit is claimed  
8           was receiving Supplemental Nutrition Assistance Program (SNAP), Women, Infants,  
9           and Children (WIC), Medicaid, unemployment benefits, or any other benefits from  
10          a similar public assistance program, as provided for in rule by the Department of  
11          Economic Development, during the six-month period prior to employment or the net  
12          new employee is hired by a participating business located in an enterprise zone. The  
13          amount of the credit for each net new employee meeting these qualifications shall  
14          be three thousand five hundred dollars. This tax credit may be applied to any state  
15          income tax liability ~~or any state corporate franchise tax liability~~, but not liabilities  
16          for penalty or interest, due or outstanding at the time the credit is generated.  
17          However, credits may be applied to a due or outstanding tax liability attributable to  
18          tax years prior to the year in which the credit is generated only if the tax liability is  
19          the result of an assessment, administrative, or judicial proceeding by the Department  
20          of Revenue after an audit, provided that no further interest or penalty shall be  
21          accrued on such tax liability after the credit is generated. If the entire credit cannot  
22          be used in the year claimed, the remainder may be applied against the income tax ~~or~~  
23          ~~corporate franchise tax~~ for the succeeding ten taxable years or until the entire credit  
24          is used, whichever occurs first. These credits shall also apply to those tax liabilities,  
25          but not liabilities for penalty or interest, identified in tax years where existing  
26          contracts generate the credit.

27               (b) In lieu of the tax credit provided in Subparagraph (a) of this Paragraph,  
28               for aviation or aerospace industries as defined in North American Industry  
29               Classification System (NAICS) Code 336411, 336412, 336413, and 332912, for a

1 five thousand dollar tax credit for each new job created. This tax credit may be  
2 applied to any state income tax liability ~~or any state franchise tax liability~~ within a  
3 ten-year period from the date that the contract becomes effective or until the entire  
4 credit is used, whichever occurs first.

5 \* \* \*

6 §2399.3. Modernization tax credit

7 A.(1) Except as provided in Subsection B of this Section, an employer may  
8 earn and apply for and, if qualified, be granted a refundable credit on any income ~~or~~  
9 ~~corporation franchise~~ tax liability owed to the state by the employer seeking to claim  
10 the credit, in the amount approved by the secretary of the department for the amount  
11 of qualified expenditures incurred by the employer for a modernization. Except as  
12 otherwise provided in this Paragraph, the refundable credit shall be allowed against  
13 the income tax for the taxable period in which the credit is earned ~~and the franchise~~  
14 ~~tax for the taxable period following the period in which the credit is earned.~~

15 \* \* \*

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

19 \* \* \*

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

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

24 \* \* \*

25 Section 3. Chapter 5 of Subtitle II of Title 47 of the Louisiana Revised Statutes of  
26 1950, comprised of R.S. 47:601 through 618, and 3204(H)(1), (I)(1)(a), and (J)(1) are  
27 hereby repealed in their entirety.

28 Section 4. The provisions of this Act shall apply to corporate franchise tax periods  
29 beginning on or after January 1, 2025.

1 Section 5. The provisions of this Act shall become effective on January 1, 2025.

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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 387 Original

2023 Regular Session

Bishop

**Abstract:** Repeals the corporation franchise tax and removes eligibility of certain tax credits to be claimed against the corporation franchise tax.

Present law (R.S. 47:601 et seq.) establishes the corporation franchise tax which is levied on every domestic and foreign corporation exercising its charter, qualified to do business, or actually doing business in La. The corporation franchise tax is also levied on any domestic or foreign corporation owning or using any part of its capital, plant, or other property in La.

Present law provides, beginning Jan. 1, 2023, that the rate of the tax shall be \$2.75 per \$1,000 of taxable capital above \$300,000.

Present law provides for the determination of taxable capital for purposes of levying the corporation franchise tax as well as the tax treatment of capital stock, surplus and undivided 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 repeals present law.

Present law provides for various incentives in the form of credits, deductions, exemptions, exclusions, and rebates that are applicable against individual and corporate income tax as well as corporation franchise taxes.

Proposed law retains present law with respect to incentives applicable against individual and corporate income taxes but removes applicability of the following incentives against the corporation income tax:

- (1) La. work opportunity tax credit. (R.S. 47:287.750)
- (2) Tax credit for qualified new recycling manufacturing or process equipment and service contracts. (R.S. 47:6005)
- (3) Tax credits for local inventory taxes paid. (R.S. 47:6006)
- (4) Tax credits for taxes paid with respect to vessels in Outer Continental Shelf Lands Act Waters. (R.S. 47:6006.1)
- (5) Tax credits for donations made to assist playgrounds in economically depressed areas. (R.S. 47:6008)
- (6) Tax credits for donations made to public schools. (R.S. 47:6013)
- (7) Credit for property taxes paid by certain telephone companies. (R.S. 47:6014)

- (8) Research and development tax credit. (R.S. 47:6015)
- (9) Tax credits for certain expenses paid by economic development corporations. (R.S. 47:6017)
- (10) Tax credits for purchasers from "PIE contractors". (R.S. 47:6018)
- (11) Tax credit for rehabilitation of historic structures. (R.S. 47:6019)
- (12) Tax credits associated with the Angel Investor Tax Credit Program. (R.S. 47:6020)
- (13) Digital interactive media and software tax credit. (R.S. 47:6022)
- (14) Tax credits associated with the La. Youth Jobs Tax Credit Program. (R.S. 47:6028)
- (15) Tax credit for certain milk producers. (R.S. 47:6032)
- (16) Apprenticeship tax credits. (R.S. 47:6033)
- (17) Ports of Louisiana tax credits. (R.S. 47:6036)
- (18) Child care provider tax credit. (R.S. 47:6105)
- (19) Business-supported child care tax credit. (R.S. 47:6107)
- (20) Tax credits associated with Enterprise zone incentives. (R.S. 51:1787)
- (21) Modernization tax credit. (R.S. 51:2399.3)

Effective Jan. 1, 2025, and applicable to corporate franchise tax periods beginning on or after Jan. 1, 2025.

(Amends R.S. 47:287.750(E)(1), 6005(C)(1), 6006(A), (B)(1)(intro. para.), (2), and (4), 6006.1(A), (B)(1), (3), and (4), 6008(A), 6013(A), 6014(A), (B), and (C)(1), (3), (4), and (5), 6015(B)(1) and (2), (C)(3)(a) and (d)(i), (D)(2), and (K), 6017(A), 6018(B), 6019(A)(1)(a) and (3)(a) and (b)(ii)(aa) and (dd)(I), 6020(D)(2)(a) and (3)(a) and (d)(i), 6022(E)(1)(a), (b), and (e)(intro. para.), 6028(C)(intro. para.) and (D)(1) and (2), 6032(A) and (D), 6033(C)(intro. para.) and (D)(1) and (2), 6036(C)(1)(a)(intro. para.) and (I)(2)(a)(i) and (b), 6105(A), 6107(A) and (B), and 6108(A) and (B)(intro. para.), (1), (3), and (4), R.S. 51:1787(A)(2)(a) and (b) and 2399.3(A)(1) and (3)(a) and (d)(i); Repeals R.S. 47:601-618, and 3204(H)(1), (I)(1)(a), and (J)(1))