

2023 Regular Session

SENATE BILL NO. 19

BY SENATOR ALLAIN

TAX/INCOME/CORPORATE. Eliminates the inventory tax credit for corporations and reduces the corporate income tax rates. (1/1/24)

1 AN ACT

2 To amend and reenact R.S. 47:287.12, 6006(A), the introductory paragraph of R.S.
3 47:6006(B)(1), and R.S. 47:6006(B)(2) and (4), relative to corporate income and
4 corporate franchise tax; to reduce the number of corporate income tax brackets; to
5 reduce the rates of the corporate income tax; to eliminate the applicability of the
6 inventory tax credit against corporate income and franchise tax; to provide for
7 effectiveness; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:287.12, 6006(A), the introductory paragraph of R.S.
10 47:6006(B)(1), and R.S. 47:6006(B)(2) and (4) are hereby amended and reenacted to read
11 as follows:

12 §287.12. Rates of tax

13 The tax to be assessed, levied, collected, and paid upon the Louisiana taxable
14 income of every corporation shall be computed at the rate of:

15 (1) ~~Three and one-half percent upon~~ **Two percent on** the first fifty thousand
16 dollars of Louisiana taxable income.

17 (2) ~~Five and one-half~~ **Four and three-quarters** percent on the amount of

1 Louisiana taxable income above fifty thousand dollars ~~but not in excess of one~~
2 ~~hundred fifty thousand dollars.~~

3 (3) ~~Seven and one-half percent on the amount of Louisiana taxable income~~
4 ~~above one hundred fifty thousand dollars.~~

5 * * *

6 §6006. Tax credits for local inventory taxes paid

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

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

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

24 * * *

25 (2) Each taxpayer allowed a credit under this Section shall claim the credit
26 on its separately filed ~~income or corporate franchise~~ tax return; however, for
27 purposes of the application of the limitations on refundability of excess credit
28 provided for in Subparagraphs (1)(a) through (c) of this Subsection, all taxpayers
29 included in one consolidated federal income tax return filed under the Internal

1 Revenue Code shall be treated as a single taxpayer.

2 * * *

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

9 * * *

10 Section 2. The provisions of this Act shall apply to corporation income
11 taxable periods beginning on or after January 1, 2024, corporation franchise taxable periods
12 beginning on or after January 1, 2025, and to ad valorem taxes paid on or after January 1,
13 2024.

14 Section 3. This Act shall be effective January 1, 2024.

The original instrument was prepared by Thomas L. Tyler. The following digest, which does not constitute a part of the legislative instrument, was prepared by Danielle Clapinski.

DIGEST

SB 19 Engrossed 2023 Regular Session Allain

Present law requires tax to be assessed, levied, collected, and paid on the La. taxable income of every corporation and to be computed at the following rates:

- (1) 3.5% on the first \$50,000 of La. taxable income.
- (2) 5.5% on La. taxable income above \$50,000 but not in excess of \$150,000.
- (3) 7.5% on all La. taxable income in excess of \$150,000.

Proposed law changes the corporate income tax brackets in present law and reduces the corporate income tax rates as follows:

- (1) 2% on the first \$50,000 of La. taxable income.
- (2) 4.75% on La. taxable income above \$50,000.

Present law provides for a tax credit for ad valorem taxes paid by the taxpayer to political subdivisions on inventory held by manufacturers, distributors, and retailers and on natural gas held, used, or consumed in providing natural gas storage services.

Present law provides that the tax credit is applicable against individual income tax, corporate income tax, and corporate franchise tax.

Proposed law retains the tax credit but limits the applicability of the credit to individual income tax.

Applicable to corporate income tax periods beginning on or after January 1, 2024, corporation franchise tax periods beginning on or after January 1, 2025, and to ad valorem taxes paid on or after January 1, 2024.

Effective January 1, 2024.

(Amends R.S. 47:287.12, 6006(A), R.S. 47:6006(B)(1)(intro para), (B)(2), and (4))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Changes applicability of proposed law to corporate income tax periods beginning on or after January 1, 2024, corporation franchise tax periods beginning on or after January 1, 2028, and to ad valorem taxes paid on or after January 1, 2024.
2. Makes technical corrections.