

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 631** HLS 23RS 1105
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 5, 2023	6:57 PM	Author: NELSON
Dept./Agy.: Revenue		Analyst: Benjamin Vincent
Subject: Corporate Income Tax: Sourcing of Sales		

TAX/CORP INCOME EN SEE FISC NOTE GF RV See Note Page 1 of 1
 Provides with respect to the sourcing of sales for purposes of calculating Louisiana income

Current law provides for the methods of apportioning corporate income to Louisiana for the purposes of determining corporate income tax liability, including provisions for "throwout" and "throwback" of certain sales in the state as part of the calculation of the sales factor. Current law provides that sales of certain intangible property shall be excluded from the numerator and the denominator of the sales factor.

Proposed law repeals the provision requiring exclusion of the specified sales from the numerator and denominator of the sales factor calculation. Committee amendments additionally remove apportionment provisions for certain leases, rentals, and licensing that are already of no effect, due to current definitions of allocable income.

Effective January 1, 2024, and applicable to taxable years beginning on or after that date.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

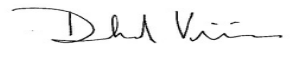
Proposed law alters the calculation of the sales factor component of Louisiana corporate income, and removes provisions specifying the treatment of certain leases, rental, and licensing.

The provisions eliminating consideration of leases, rentals, and licensing from the calculation of the sales factor affirm current practice, and will have no effect.

The calculation change will alter corporate income tax liabilities in a manner that will be different for every taxpayer with sales and/or tax liabilities in multiple states. LDR reports that they do not capture taxpayer data regarding specific sourcing of sales. Revenue impact is indeterminable in magnitude, and may be positive or negative.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}



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