

2016 First Extraordinary Session

HOUSE BILL NO. 19

BY REPRESENTATIVE JAMES

TAX/CORP FRANCHISE: Provides relative to the entities to which corporate franchise tax applies (Item #28)

1 AN ACT

2 To amend and reenact R.S. 47:601(A)(3) and (C)(1), relative to corporate franchise tax; to
3 provide relative to the entities to which the tax applies; to provide for applicability;
4 to provide for an effective date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:601(A)(3) and (C)(1) are hereby amended and reenacted to read
7 as follows:

8 §601. Imposition of tax

9 A. Every domestic corporation and every foreign corporation, exercising its
10 charter, or qualified to do business or actually doing business in this state, or owning
11 or using any part or all of its capital, plant, or any other property in this state, subject
12 to compliance with all other provisions of law, except as otherwise provided for in
13 this Chapter shall pay an annual tax at the rate of one dollar and fifty cents for each
14 one thousand dollars, or major fraction thereof on the first three hundred thousand
15 dollars of taxable capital and at the rate of three dollars for each one thousand
16 dollars, or major fraction thereof, which exceeds three hundred thousand dollars of
17 taxable capital. Taxable capital shall be determined as hereinafter provided. The tax

1 levied herein is due and payable on any one or all of the following alternative
2 incidents:

3 * * *

4 (3) The owning or using any part or all of its capital, plant, or other
5 property in this state ~~in a corporate capacity.~~ whether owned directly or
6 indirectly by or through a partnership, joint venture, or any other business
7 organization.

8 * * *

9 C.(1) As used herein the term "domestic corporation" shall mean and
10 include ~~all~~ any of the following:

11 ~~(a) corporations,~~ Corporations, joint stock companies or associations,
12 or other business organizations organized under the laws of this state which
13 have privileges, powers, rights, or immunities not possessed by individuals
14 or partnerships.

15 (b) All entities taxed as corporations for federal income tax purposes,
16 notwithstanding any provision of law to the contrary.

17 * * *

18 Section 2. The provisions of this Act shall be applicable to taxable periods beginning
19 on or after January 1, 2017.

20 Section 3. This Act shall become effective upon signature by the governor or, if not
21 signed by the governor, upon expiration of the time for bills to become law without signature
22 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
23 vetoed by the governor and subsequently approved by the legislature, this Act shall become
24 effective on the day following such approval.

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)]

HB 19 Original

2016 First Extraordinary Session

James

Abstract: Expands definition of "domestic corporation" for purposes of the corporate franchise tax.

Present law establishes the corporation franchise tax. The tax is levied on every domestic and foreign corporation exercising its charter, qualified to do business, or actually doing business in La.

Present law levies corporation franchise tax on a corporation when any of the following occurs:

- (1) An organization does business within this state in a corporate form.
- (2) A corporation exercises its charter or the continuance of its charter within La.
- (3) An entity owns or uses part or all of its capital, plant, or other property in La. in a corporate capacity.

Proposed law changes present law relative to owning or using part or all of an entity's capital, plant, or other property in La. in a corporate capacity to owning or using part or all of an entity's capital, plant, or other property in La. whether owned directly or indirectly by or through a partnership, joint venture, or any other business organization.

Present law defines "domestic corporation" as a corporation, joint stock company or association, or other business organization organized under the laws of this state that has privileges, powers, rights, or immunities not possessed by individuals or partnerships.

Proposed law retains present law and adds all entities taxed as corporations for federal income tax purposes to the definition of "domestic corporation".

Proposed law applies to all taxable periods beginning on or after Jan. 1, 2017.

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

(Amends R.S. 47:601(A)(3) and (C)(1))