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## DIGEST

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HB 102 Original

2016 First Extraordinary Session

Broadwater

**Abstract:** Beginning Jan. 1, 2017, repeals corporate income and corporate franchise taxes and prohibits corporate taxpayers from claiming certain refundable credits.

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

- (1) 4% on the first \$25,000 of La. taxable income.
- (2) 5% on La. taxable income above \$25,000 but not in excess of \$50,000.
- (4) 7% on La. taxable income above \$100,000 but not in excess of \$200,000.
- (5) 8% on all La. taxable income in excess of \$200,000.

Proposed law repeals the present law levy of corporate income taxes beginning Jan. 1, 2017.

Proposed law further repeals all provisions of present law relative to the computation of Louisiana taxable income for purposes of levying the corporate income tax, including but not limited to the federal income tax deduction, net operating loss deduction, computation of net allocable income from La. sources, computation of net apportionable income from La. sources, and determination of La. apportionment percent.

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

Present law provides that the tax shall be levied at the following rates:

- (1) \$1.50 per \$1,000 of taxable capital, up to \$300,000.
- (2) \$3.00 per \$1,000 of taxable capital above \$300,001.

Proposed law repeals present law levy of corporation franchise taxes beginning January 1, 2017. Proposed law repeals all provisions of present law relative to the determination of taxable capital for purposes of levying the corporation franchise tax including the allocation of taxable capital and the

payment of the tax.

Present law provides for the following refundable tax credits which may be applied against Louisiana income and corporation franchise taxes:

- (1) R.S. 47:6006 - Tax credits for local inventory taxes
- (2) R.S. 47:6006.1 - Tax credits for vessels in Outer Continental Shelf Lands Act Waters
- (3) R.S. 47:6014 - Credit for property taxes paid by certain telephone companies
- (4) R.S. 47:6020 - Angel Investor Tax Credit Program
- (5) R.S. 47:6022 - Digital interactive media and software tax credit
- (6) R.S. 47:6025 - Credit for La. Citizens Property Insurance Corporation assessment
- (7) R.S. 47:6030 - Solar energy systems tax credit
- (8) R.S. 47:6032 - Tax credit for certain milk producers

Proposed law retains present law but specifically provides that the refundable credits are applicable against individual income taxes. Proposed law further provides that beginning Jan. 1, 2017, since the state corporate income and corporation franchise taxes are repealed, no corporate taxpayer shall be eligible for the refundable tax credits in present law. Further prohibits corporate taxpayers from applying these credits against individual income taxes or any other taxes imposed in present law.

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

(Amends R.S. 47:6006(A) and (B), 6006.1(A) and (B), 6014(A), (B), and (C), 6020(D)(2)(a) and (3), 6022(D)(1)(intro. para.) and (E)(2), 6025(A), 6032(A) and (D); Repeals R.S. 47:51, 158, 246, 287.2-287.95, 287.738, 287.745, and 601-618)