

2017 Regular Session

HOUSE BILL NO. 195

BY REPRESENTATIVE REYNOLDS

TAX: Provides relative to the tax treatment of certain corporeal movable property located in La. in a foreign trade zone

1 AN ACT

2 To amend and reenact R.S. 47:287.95(H) and 606(D), relative to taxation of certain property
3 located in a foreign trade zone; to provide with respect to the location of certain
4 corporeal movable property for purposes of corporation income tax; to provide with
5 respect to the location of certain corporeal movable property for purposes of
6 corporation franchise tax; to provide for applicability and effectiveness; and to
7 provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:287.95(H) and 606(D) are hereby amended and reenacted to read
10 as follows:

11 §287.95. Determination of Louisiana apportionment percent

12 * * *

13 H. Location. For purposes of this ~~Section~~ Subsection, corporeal movable
14 property located in Louisiana in United States customs-bonded warehouses or
15 foreign trade zones established under the Foreign Trade Zones Act shall be
16 considered as located outside of Louisiana.

17 * * *

18 §606. Allocation of taxable capital

19 * * *

1 D. Property located in United States customs-bonded warehouses or foreign
2 trade zones. For purposes of this ~~Section~~ Subsection, corporeal movable property
3 (tangible personal property) imported into the United States and located in Louisiana
4 in United States customs-bonded warehouses or foreign trade zones established
5 under the Foreign Trade Zones Act (19 U.S.C.A. 81a et seq.), as amended, shall be
6 considered located outside of Louisiana.

7 * * *

8 Section 2. The provisions of this Act shall be applicable to taxable periods beginning
9 on or after January 1, 2018.

10 Section 3. This Act shall become effective upon signature by the governor or, if not
11 signed by the governor, upon expiration of the time for bills to become law without signature
12 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
13 vetoed by the governor and subsequently approved by the legislature, this Act shall become
14 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 195 Original 2017 Regular Session Reynolds

Abstract: Provides with respect to the tax treatment of certain property located in La. in a foreign trade zone for purposes of La. corporation income and franchise taxes.

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.
- (3) 6% on La. taxable income above \$50,000 but not in excess of \$100,000.
- (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.

Present law defines conditions and circumstances to be considered for the purpose of apportionment of La. income.

Proposed law retains present law and makes technical changes to internal references within present law concerning certain corporeal movable property located in La. in a foreign trade zone.

Present law 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. It 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 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 per \$1,000 of taxable capital above \$300,000.

Present law defines conditions and circumstances to be considered for the purpose of allocation of capital for purposes of the tax.

Proposed law retains present law and makes technical changes to internal references within present law concerning certain corporeal movable property located in La. in a foreign trade zone.

Applicable to taxable periods beginning on or after Jan. 1, 2018.

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

(Amends R.S. 47:287.95(H) and 606(D))