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## DIGEST

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HB 363 Original

2017 Regular Session

Ivey

**Abstract:** Limits applicability of the net operating loss deduction to corporate income and repeals the deduction for I.R.C. 280 wage expenses.

Present law provides for a deduction from corporate income tax for 72% of the amount of net operating loss (NOL) incurred in La., but prohibits the amount of the deduction from exceeding 72% of the value of La. net income.

Proposed law changes the amount of the deduction that may be applied against the taxpayer's tax liability as follows:

- (1) If the taxpayer has \$250M or more of available NOL, the amount of the deduction shall not exceed 50% of the taxable income prior to application of the NOL.
- (2) If the taxpayer has at least \$100M, but less than \$250M, of available NOL, the amount of the deduction shall not exceed 60% of the taxable income prior to application of the NOL.
- (3) If the taxpayer has at least \$50M, but less than \$100M, of available NOL, the amount of the deduction shall not exceed 70% of the taxable income prior to application of the NOL.
- (4) If the taxpayer has at least \$25M, but less than \$50M, of available NOL, the amount of the deduction shall not exceed 80% of the taxable income prior to application of the NOL.
- (5) If the taxpayer has at least \$10M, but less than \$25M, of available NOL, the amount of the deduction shall not exceed 90% of the taxable income prior to application of the NOL.
- (6) If the taxpayer has less than \$10M of available NOL, the amount of the deduction shall not exceed the amount of taxable income prior to application of the NOL.

Present law provides for a deduction from corporate income tax expenses disallowed under I.R.C. Section 280C. Further requires a taxpayer who elects to claim certain credits that are based on an expense to reduce the federal deduction for the expense by the dollar amount of the credit claimed.

Proposed law repeals present law.

Proposed law applies to all taxable years beginning on or after January 1, 2018.

Effective January 1, 2018.

(Amends R.S. 47:287.86(A); repeals R.S. 47:287.83(C)(4))