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## DIGEST

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HB 433 Original

2017 Regular Session

Shadoin

**Abstract:** Provides for the phasing out of the corporation franchise tax over a 10-year period beginning in tax year 2020.

Present law (R.S. 47:601 et seq.) 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. Corporate franchise tax is also levied on any domestic or foreign corporation owning or using any part of its capital, plant, or other property in La. Proposed law phases out present law, as more fully explained below.

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 \$300,001.

Proposed law retains present law but provides that the amount levied under present law shall be reduced by a cumulative 10% each year beginning Jan. 1, 2020, over the next 10 years until the amount levied is eliminated. Proposed law further provides that in taxable years beginning on or after Jan. 1, 2029, no corporation franchise tax shall be assessed or paid.

Applicable to all corporate franchise periods beginning on and after Jan. 1, 2020.

(Amends R.S. 47:601(A), (B), and (C)(2))