

2017 Regular Session

SENATE BILL NO. 242

BY SENATOR LUNEAU

TAX/INCOME/CORPORATE. Provides for a corporate income tax deduction for certain dividend income received by regulated entities. (1/1/18)

1 AN ACT

2 To amend and reenact R.S. 47:287.71(B)(6), relative to corporate income tax; to provide for  
3 a deduction for dividends by certain regulated entities; to provide for effectiveness;  
4 and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:287.71(B)(6) is hereby amended and reenacted to read as follows:

7 §287.71. Modifications to federal gross income

8 \* \* \*

9 B. There shall be subtracted from gross income determined under federal  
10 law, unless already excluded therefrom, the following items:

11 \* \* \*

12 (6)(a) Amounts received as dividend income from banking corporations  
13 organized under the laws of Louisiana, from national banking corporations doing  
14 business in Louisiana, and from capital stock associations whose stock is subject to  
15 ad valorem taxation.

16 **(b) Amounts received as dividend income by any member of a regulated**  
17 **group of entities. For purposes of this Subparagraph, the following terms shall**

1           **have the meanings ascribed to them:**

2                   (i) **"Legal entities" shall include, but is not limited to, corporations,**

3                   **limited liability companies, partnerships, or any other form of business**

4                   **organization.**

5                   (ii) **"Regulated group of entities" shall mean a group comprised of a**

6                   **parent entity and any other legal entities in which the parent entity directly or**

7                   **indirectly owns at least fifty percent of either the vote or the value of the stock,**

8                   **membership interest, partnership interest, or other ownership interest and at**

9                   **least one of the members of the group is regulated by the Louisiana Public**

10                  **Service Commission as either a telecommunications service provider or an**

11                  **electric utility.**

\* \* \*

Section 2. This Act shall become effective on January 1, 2018.

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by James Benton.

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Present law provides a deduction from corporation income amounts received as dividend income from certain La. banking corporations, national banking corporations, and from capital stock associations whose stock is subject to ad valorem taxation.

Proposed law retains present law and adds dividend income received by a regulated group of entities to the list of dividend income that may be deducted from corporation income.

Proposed law defines "regulated group of entities" to mean a group made up of a parent entity and other legal entities when the parent entity owns a majority of either the vote or the value of stock, membership interest, partnership interest, or other ownership interest. Requires at least one of the members of the group to be regulated by the La. Public Service Commission as either a telecommunications service provider or an electric utility.

Proposed law defines "legal entities" to include, but not be limited to, corporations, limited liability companies, partnerships, or any other forms of business organizations.

Effective Jan. 1, 2018.

(Amends R.S. 47:287.71(B)(6))