

2017 Regular Session

HOUSE BILL NO. 653

BY REPRESENTATIVE BROADWATER

TAX/CORP INCOME: Provides relative to corporate income tax deductions

1 AN ACT

2 To amend and reenact R.S. 47:158(C) and (D) and 287.745(B) and Section 6 of Act No. 123
3 of the 2015 Regular Session of the Legislature and to repeal Sections 3 and 4 of Act
4 No. 123 of the 2015 Regular Session of the Legislature, relative to corporate income
5 tax; to provide relative to certain exclusions, exemptions, and deductions; to provide
6 for continued effectiveness of reductions; to provide for an effective date; and to
7 provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:158(C) and (D) and 287.745(B), and Section 6 of Act No. 123 of
10 the 2015 Regular Session of the Legislature are hereby amended and reenacted to read as
11 follows:

12 §158. Basis for depletion

13 * * *

14 C. Percentage depletion for oil and gas wells. In the case of oil and gas
15 wells, the allowance for depletion under R.S. 47:66 shall be ~~fifteen and eight-tenths~~
16 ~~of one~~ sixteen percent of the gross income from the property during the taxable year,
17 excluding from such gross income an amount equal to eighty percent of any rents or
18 royalties paid or incurred by the taxpayer in respect of the property. Such allowance
19 shall not exceed thirty-six percent of the net income of the taxpayer, computed
20 without allowance for depletion, from the property except that in no case shall the

1 depletion allowance under R.S. 47:66 be less than it would be if computed without
2 reference to this Subsection.

3 D. Percentage depletion for coal and metal mines and sulphur. The
4 allowance for depletion under R.S. 47:66 shall be, in the case of coal mines, ~~three~~
5 ~~and six-tenths of one~~ four percent, in the case of metal mines, ~~ten and eight-tenths~~
6 ~~of one~~ eleven percent, and in the case of sulphur mines or deposits, ~~fifteen and eight-~~
7 ~~tenths of one~~ sixteen percent, of the gross income from the property during the
8 taxable year, excluding from such gross income an amount equal to seventy-two
9 percent of any rents or royalties paid or incurred by the taxpayer in respect of the
10 property. Such allowance shall not exceed thirty-six percent of the net income of the
11 taxpayer, computed without allowance for depletion from the property. A taxpayer
12 making his first return under this Chapter or under Act 21 of 1934 in respect of a
13 property, shall state whether he elects to have the depletion allowance for such
14 property for the taxable year for which the return is made computed with or without
15 regard to percentage depletion, and the depletion allowance in respect of such
16 property for such year and all succeeding taxable years shall be computed according
17 to the election thus made. If the taxpayer fails to make such statement in the return,
18 the depletion allowance for such property for all taxable years shall be computed
19 without reference to percentage depletion. This Subsection shall not be construed
20 as granting a new election to any taxpayer relative to any property with respect to
21 which he has filed a return under Act 21 of 1934.

22 * * *

23 §287.745. Deductions from gross income; depletion

24 * * *

25 B. In the case of oil and gas wells, the percentage depletion provided for in
26 Subsection A shall be ~~fifteen and eight-tenths of one~~ sixteen percent of gross income
27 from the property during the taxable year, excluding from such gross income an
28 amount equal to seventy-two percent of any rents or royalties paid or incurred by the
29 taxpayer in respect of the property. Such allowance shall not exceed thirty-six

- (4) Exclusion from corporate gross income funds received from a governmental entity to subsidize the operation and maintenance of a public transportation system. (R.S. 47:287.71) Exclusion of 72% of funds received is continued.
- (5) 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. (R.S. 47:287.73) Deduction of 72% of disallowed expenses is continued.
- (6) Deduction from corporate income for the amount of the net operating loss incurred in La. (R.S. 47:287.86) Deduction of 72% of net loss is continued.
- (7) Deduction from gross income of an amount equal to interest and dividend income included on the federal income tax return. (R.S. 47:287.738) Deduction of 72% of such income is continued.
- (8) Exemption from corporation income and franchise taxes certain La. Community Development Financial Institutions. (R.S. 51:3092) Four-year exemption is continued.

Present law provides that the basis for the allowance for depletion for oil and gas wells is 15 and 8/10ths% of the gross income from the property during the taxable year. Proposed law changes that rate from 15 and 8/10ths% to 16%. (R.S. 47:158(C))

Proposed law, relative to the basis for the allowance for depletion for certain mines, changes the rate for coal mines from 3 and 6/10ths% to 4%; for metal mines from 10 and 8/10ths % to 11%; and for sulphur mines from 15 and 8/10ths% to 16%. (R.S. 47:158(D))

Present law provides that the deduction from gross income tax for the percentage depletion for oil and gas wells is 15 and 8/10ths% of the gross income from the property during the taxable year. Proposed law changes that rate from 15 and 8/10ths% to 16%. (R.S. 47:287.745(B))

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

(Amends R.S. 47:158(C) and (D) and 287.745(B) and §6 of Act No. 123 of 2015 R.S.; Repeals §§3 and 4 of Act No. 123 of 2015 R.S.)