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## DIGEST

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HB 448 Original

2021 Regular Session

Robby Carter

**Abstract:** Repeals the state tax levied on the taxable income of individuals, estates and trusts, and corporations, repeals income tax exemptions, deductions, exclusions, and credits, and limits the applicability of certain tax credits to corporation franchise tax.

Present law provides for a tax to be assessed, levied, collected, and paid upon the taxable income of an individual at the following rates:

- (1) 2% on the first \$12,500 of net income.
- (2) 4% on the next \$37,500 of net income.
- (3) 6% on net income in excess of \$50,000.

Present law provides for a tax to be assessed, levied, collected, and paid on the La. taxable income of an estate or trust at the following rates:

- (1) 2% on the first \$10,000 of La. taxable income.
- (2) 4% on the next \$40,000 of La. taxable income.
- (3) 6% on La. taxable income in excess of \$50,000.

Present law requires that the tax to be assessed, levied, collected, and paid on the La. taxable income of every corporation is to 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.

Proposed law repeals the state taxes levied on the net income of individuals, estates and trusts, and

corporations.

Present law provides for various individual and corporation tax incentives in the form of deductions, exemptions, exclusions, and credits. Further provides that various credits apply against individual and corporation income and corporation franchise tax liability.

Proposed law repeals the deductions, exemptions, exclusions, and credits provided for in present law.

Proposed law limits the applicability of the following tax credits to corporation franchise tax liability:

- (1) Credit for qualified new recycling manufacturing or process equipment and service contracts. (R.S. 47:6005(C)(1))
- (2) Credit for ad valorem taxes paid on inventory. (R.S. 47:6006(A) and (B)(1)(intro. para.) and (2))
- (3) Credit for ad valorem taxes paid for vessels on Outer Continental Shelf Act Waters. (R.S. 47:6006.1(A) and (B))
- (4) Credit for donations to assist playgrounds in economically depressed areas. (R.S. 47:6008(A))
- (5) Credit for donations of immovable property made to public schools. (R.S. 47:6013(A))
- (6) Credit for ad valorem taxes paid by telephone companies. (R.S. 47:6014(A), (B), and (C))
- (7) Credit for research and development expenses and grants awarded by the federal Small Business Technology Transfer Program or a Small Business Innovation Research Grant. (R.S. 47:6015(B)(1) and (2) and (D)(1) and (2)(intro. para.))
- (8) Credit for expenses paid by economic development corporations. (R.S. 47:6017(A))
- (9) Credit for purchases of specialty apparel items from businesses which utilize inmate labor. (R.S. 47:6018(B) and (D))
- (10) Credit for expenses associated with the rehabilitation of historic structures located in downtown development or cultural districts. (R.S. 47:6019(A)(1)(a) and (3)(b)(ii))
- (11) Credit issued pursuant to the Angel Investor Tax Credit Program. (R.S. 47:6020(D)(2)(a) and (b) and (3))
- (12) Credit for milk producers. (R.S. 47:6032(A) and (D))

- (13) Credit for School Readiness Program child care providers. (R.S. 47:6105(A))
- (14) Credit for School Readiness Program business-supported child care expenses. (R.S.47:6107(A)(1) and (2) and (B))

Effective Jan. 1, 2023, if the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. 203 of this 2021 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 47:6005(C)(1), 6006(A) and (B)(1)(intro. para.) and (2), 6006.1(A) and (B), 6008(A), 6013(A), 6014(A), (B), and (C), 6015(B)(1) and (2) and (D)(1) and (2)(intro. para.), 6017(A), 6018(B) and (D), 6019(A)(1)(a) and (3)(a) and (b)(ii), 6020(D)(2)(a) and (b) and (3), 6032(A) and (D), 6105(A), 6107(A) and (B), 6108, and R.S. 51:1787(A)(1)(c), (B)(4)(a)(intro. para.), (I), and (K)(1); Repeals R.S. 25:1221-1226.6, R.S. 47:21-300.11, 4331, 6007, 6012, 6016, 6021, 6023, 6025, 6030, 6034-6037, 6104, 6106, and 6301, and R.S. 51:1787(A)(1)(b), (2), and (3) and (G), 1807(A)(1) and (C), 1921-1935, 2351-2356, and 2399.1-2399.6)