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## DIGEST

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HB 454 Original

2021 Regular Session

DeVillier

**Abstract:** Reduces the amount of certain income tax credits, deductions, exemptions, and exclusions by 50%.

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.

Present law includes various tax incentives in the form of credits, deductions, exemptions, and exclusions which reduce a taxpayer's overall tax liability.

Proposed law retains present law but reduces the amount of the following tax credits, deductions, exemptions, and exclusions established in present law by 50%:

- (1) Exclusion for corporations operating a public transportation system. (R.S. 47:51)
- (2) Deduction for depletion for oil and gas wells. (R.S. 47:158(C))
- (3) Deduction for depletion for coal and metal mines and sulphur. (R.S. 47:158(D))
- (4) Credit for insurance companies to offset premium taxes paid. (R.S. 47:227)
- (5) Deduction from net income from La. sources. (R.S. 47:246(A))
- (6) Exclusion for funds accrued by corporations operating a public transportation system. (R.S. 47:287.71(B)(2))
- (7) Exclusion for refunds of La. corporation income tax received during a taxable year. (R.S.

47:287.71(B)(3))

- (8) Exclusion for amounts received as dividend income from banking corporations whose stock is subject to ad valorem tax. (R.S. 47:287.71(B)(6)(a))
- (9) Exclusion for amounts received as dividend income by a member of a regulated group of entities. (R.S. 47:287.71(B)(6)(b))
- (10) Deduction for certain expenses that would otherwise be deductible under federal law but for an exception under federal law for a state licensee dispensing therapeutic marijuana. (R.S. 47:287.73(C)(1))
- (11) Deduction for certain disallowed expenses that would otherwise be deductible under federal law relative to expenses for which credits are allowed. (R.S. 47:287.73(C)(4))
- (12) Deduction for net operating losses. (R.S. 47:287.86(A))
- (13) Credit for refunds by utilities. (R.S. 47:287.664)
- (14) Deduction for interest and dividends. (R.S. 47:287.738(F))
- (15) Deduction for cost depletion for oil and gas wells. (R.S. 47:287.745(B))
- (16) Credit for neighborhood assistance, job training and education. (R.S. 47:287.753(C))
- (17) Credit for development of an employee bone marrow donation program. (R.S. 47:287.758(B))
- (18) Credit for contractors offering health insurance coverage to employees when letting public work contracts. (R.S. 47:287.759(A) and (C)(3))
- (19) Deduction for employing qualified disabled individuals. (R.S. 47:297.13)
- (20) Credit for qualified new recycling manufacturing or process equipment and service contracts. (R.S. 47:6005(C)(1) and (D)(1))
- (21) Credit for ad valorem taxes paid on inventory. (R.S. 47:6006(D)(5))
- (22) Credit for ad valorem taxes paid for vessels on Outer Continental Shelf Act Waters. (R.S. 47:6006.1(C)(3))
- (23) Credit for motion picture productions. (R.S. 47:6007(J)(1)(b), (2)(a), and (3)(a))
- (24) Credit for donations to assist playgrounds in economically depressed areas. (R.S. 47:6008(A))

- (25) Credit for donations of immovable property made to public schools. (R.S. 47:6013(A)).
- (26) Credit for ad valorem taxes paid by telephone companies. (R.S. 47:6014(A))
- (27) 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(C)(2) and (D)(1))
- (28) Credit pursuant to the La. New Markets Jobs Act. (R.S. 47:6016.1(B)(1)(b) and (E)(5)(b))
- (29) Credit for expenses paid by economic development corporations. (R.S. 47:6017(A))
- (30) Credit for purchases of specialty apparel items from businesses which utilize inmate labor. (R.S. 47:6018(C))
- (31) Credit for expenses associated with the rehabilitation of historic structures located in downtown development or cultural districts. (R.S. 47:6019(A)(1)(a), (c), and (e))
- (32) Credit issued pursuant to the Angel Investor Tax Credit Program. (R.S. 47:6020(D)(1) and (2)(a))
- (33) Credit for digital interactive media and software productions. (R.S. 47:6022(D)(4))
- (34) Credit for sound recording investors. (R.S. 47:6023(C)(1)(c), (d), and (e) and (3)(intro. para.))
- (35) Credit for milk producers. (R.S. 47:6032(C) and (F))
- (36) Credit for conversion of vehicles to alternative fuel usage. (R.S. 47:6035(C)1) and (D))
- (37) Credit for School Readiness Program child care providers. (R.S. 47:6105(A))
- (38) Credit for School Readiness Program business-supported child care expenses. (R.S.47:6107(A))
- (39) Credit for donations to school tuition organizations. (R.S. 47:6301(A)(1))
- (40) Credits for enterprise zone incentives. (R.S. 51:1787(A)(1)(b) and (2)(a) and (b) and (G))
- (41) Credits pursuant to the Urban Revitalization Program. (R.S. 51:1807(A))
- (42) Credit pursuant to the La. Capital Companies Tax Credit Program. (R.S. 51:1924(B)(1), (2), and (3)(a) and (b) and (D)(1) and (2))
- (43) Credit for technology commercialization costs. (R.S. 51:2354(C))

- (44) Credits pursuant to the Retention and Modernization Act. (R.S. 51:2399.3(A)(2)(c))
- (45) Credits pursuant to the La. Community Development Financial Institution Act. (R.S. 51:3085(B)(1)(a))

Proposed law repeals the following terminated or inapplicable credits:

- (1) Credit for low-income housing. (R.S. 47:12)
- (2) Credit for the generation of new full-time and part-time jobs in La. (R.S. 47:34 and 287.749)
- (3) Credit for contributions to educational institutions. (R.S. 47:37 and 287.755)
- (4) Credit for employment of re-entrants convicted of a felony. (R.S. 47:287.748)
- (5) Credit for employment of first-time nonviolent offenders. (R.S. 47: 287.752)
- (6) Credit for the donation of materials and equipment to public training providers and other educational schools and programs. (R.S. 47:6012)
- (7) Credit issued for qualified equity investments in disadvantaged areas of the state pursuant to the New Markets Tax Credit Program. (R.S. 47:6016)
- (8) Credit to encourage the cleanup, redevelopment, and productive reuse of brownfields sites in La. (R.S. 47:6021)
- (9) Credit for the La. Citizens Property Insurance Corp. assessment. (R.S. 47:6025)
- (10) Credit for heritage-based cottage industries located in the Cane River Heritage Area Development Zone. (R.S. 47:6026)
- (11) Credit for the purchase and installation of a solar energy system or for the lease of a system. (R.S. 47:6030)
- (12) Credit for energy efficiency and renewable energy industries. (R.S. 47:6037)

Applicable to taxable periods beginning on or after Jan. 1, 2023.

Effective Jan. 1, 2023.

(Amends R.S. 47:51, 158(C) and (D), 227, 246(A), 287.71(B)(2), (3), (4), and (6)(a) and (b)(intro. para.), 287.73(C)(1) and (4), 287.86(A), 287.664, 287.738(F) and (G), 287.745(B), 287.753(C), 287.758(B), 287.759(A) and (C)(3), 297.13(B), 6005(C)(1) and (D), 6006(D)(5), 6006.1(E)(3), 6007(J)(1)(b), (2)(a), and 3(a), 6008(A), 6013(A), 6014(A), 6015(C)(2) and (D)(1), 6016.1(B)(1)(b) and (E)(5)(b), 6017(A), 6018(C), 6019(A)(1)(a), (c), and (e), 6020(D)(1) and (2)(a), 6022(D)(4),

6023(C)(1)(c), (d), and (e) and (3)(intro. para.), 6032(C) and (F), 6034(C)(1)(a)(iii)(cc), (c)(ii), and (d)(iii) and (4)(a) and (b), 6035(C)(1) and (D), 6105(A), 6107(A), and 6301(A)(1) and R.S. 51:1787(A)(1)(b) and (2)(a) and (b) and (G), 1807(A), 1924(B)(1), (2), and (3)(a) and (b) and (D)(1), 2354(C), 2399.3(A)(2)(c), and 3085(B)(1)(a); Repeals R.S. 47:12, 34, 37, 287.748, 287.749, 287.752, 287.755, 6012, 6016, 6021, 6025, 6026, 6030, and 6037)