

2021 Regular Session

HOUSE BILL NO. 543

BY REPRESENTATIVE DEVILLIER

TAX/STATE: Repeals individual income, corporate income, and corporate franchise taxes and repeals all credits, deductions, exemptions, and exclusions from the tax

1 AN ACT  
2 To amend and reenact R.S. 51:1787(A)(1)(c), (B)(4)(a)(introductory paragraph), (I), and  
3 (K)(1) and 1924(A), (E), and (F) and to repeal Part II of Chapter 26 of Title 25 of the  
4 Louisiana Revised Statutes of 1950, comprised of R.S. 25:1226 through 1226.6, R.S.  
5 47:11 and 12, Chapter 1 of Subtitle II of Title 47 of the Louisiana Revised Statutes  
6 of 1950, comprised of R.S. 47:21 through 300.11, Chapter 5 of Subtitle II of Title 47  
7 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:601 through 618,  
8 Chapter 3 of Subtitle V of Title 47 of the Louisiana Revised Statutes of 1950,  
9 comprised of R.S. 47:4301 though 4306, Chapter 5 of Subtitle V of Title 47 of the  
10 Louisiana Revised Statutes of 1950, comprised of R.S. 47:4331, 6005 through 6037,  
11 Chapter 2 of Subtitle VII of Title 47 of the Louisiana Revised Statutes of 1950,  
12 comprised of R.S. 47:6101 through 6109, Chapter 3 of Subtitle VII of Title 47 of the  
13 Louisiana Revised Statutes of 1950, comprised of R.S. 47:6301 and R.S.  
14 51:1787(A)(1)(b), (2), and (3) and (G), Chapter 22 of Title 51 of the Louisiana  
15 Revised Statutes of 1950, comprised of R.S. 51:1801 through 1808, 1924(B), Part  
16 VI of Chapter 39 of the Louisiana Revised Statutes of 1950, comprised of R.S.  
17 51:2351 through 2356, and Chapter 39-C of Title 51 of the Louisiana Revised  
18 Statutes of 1950, comprised of R.S. 51:2399.1 through 2399.6, relative to state taxes;  
19 to repeal the state tax levied on the taxable income of individuals and estates and  
20 trusts; to repeal the state tax levied on the taxable income of corporations; to repeal

1 the state corporate franchise tax; to repeal income and franchise tax credits,  
2 exemptions, deductions, and exclusions; to limit the applicability of certain income  
3 tax credits; to provide for applicability; to provide for an effective date; and to  
4 provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 51:1787(A)(1)(c), (B)(4)(a)(introductory paragraph), (I), and (K)(1)  
7 and 1924(A), (E), and (F) are hereby amended and reenacted to read as follows:

8 §1787. Enterprise zone incentives

9 A. The board, after consultation with the secretaries of the Department of  
10 Economic Development and Department of Revenue, and with the approval of the  
11 governor, may enter into contracts not to exceed five years to provide:

12 (1) For either:

13 \* \* \*

14 (c)(i) For projects for which the advance notification is filed on or after April  
15 1, 2016, the amount of the rebate of sales and use taxes ~~and the investment income~~  
16 ~~tax credit~~ granted pursuant to the provisions of this Paragraph shall not exceed one  
17 hundred thousand dollars per net new job created under this Chapter.

18 (ii) A business shall not receive any sales and use tax rebate ~~or refundable~~  
19 ~~investment income tax credit~~ until it has provided all documentation, including filing  
20 the annual certification report as required by rule, and has shown proof of the  
21 creation of the net new jobs.

22 (iii) For purposes of determining the maximum rebate ~~or income tax credit~~  
23 allowed, each net new job shall only be counted once. The limitation provided for  
24 in this Subparagraph shall only apply to the sales and use tax rebates ~~and refundable~~  
25 ~~investment income tax credits~~ granted to businesses participating in the Enterprise  
26 Zone Program.

27 \* \* \*

28 B. The board may enter into the contracts provided in Subsection A of this  
29 Section provided that:

30 \* \* \*

1 (4)(a) The business makes its request for rebate of sales and use tax ~~or the~~  
2 ~~tax credit~~ either:

3 \* \* \*

4 I. If the collecting agencies receive notice that the rebate ~~or credit~~, or any  
5 part thereof, has ceased by reason of a violation of the terms of the contract under  
6 which it was granted, then the amount ~~of the credit~~ for the year in which the violation  
7 occurred and for each year thereafter in which the violation is not remedied shall be  
8 considered a tax due as of December thirty-first of the year in which the violation  
9 occurred, ~~and for each year thereafter in which a credit is used and the violation is~~  
10 ~~not remedied, and it shall be collected by the collecting agencies in the same manner~~  
11 ~~and subject to the same provisions for the collection of other tax debts.~~

12 \* \* \*

13 K.(1) In addition to the ~~incentives~~ incentive provided for in Subsection A of  
14 this Section, an essential critical infrastructure worker shall be eligible for a one-time  
15 hazard pay rebate based upon the worker's adjusted gross income.

16 \* \* \*

17 §1924. Income tax credit or premium tax reduction

18 A. A person, either natural or artificial, who invests in the certified capital  
19 of a certified Louisiana capital company may claim ~~either~~ a premium tax reduction  
20 pursuant to R.S. 22:832(E) ~~or a credit against the person's Louisiana income tax in~~  
21 ~~the person's taxable year in which the investment is made~~, as certified by the  
22 commissioner, pursuant to rules promulgated by the secretary, to the Department of  
23 Insurance or the Department of Revenue.

24 \* \* \*

25 E. The amount of the tax credit which exceeds the person's premium tax ~~and~~  
26 ~~income tax~~ liability for the taxable year for which credits are allowed or the amount  
27 of premium ~~and income tax credits~~ that are not used by such person for the taxable  
28 year for which such credits are allowed may be carried forward to subsequent years

1           until the credits are exhausted; however, the reduction in any taxable year shall not  
2           exceed such person's premium tax ~~or income tax~~ liability for such taxable year.

3                     F. The department shall provide for the transfer or sale of premium ~~and~~  
4           ~~income~~ tax credits under this Chapter. The transfer or sale of ~~income~~ or premium  
5           tax credits will be restricted to transfers or sales between affiliates and sophisticated  
6           investors, collectively referred to as acquirers. No acquirer shall be able to utilize  
7           any premium tax credit earned after July 1, 2002, until at least the second  
8           anniversary of the investment date of the investment pool from which the premium  
9           tax credits were earned. Furthermore, even though a transfer or sale of credits,  
10          known as an election under this Section, may involve several entities, only one  
11          election may be made during any calendar quarter. Therefore, an investor in a  
12          certified Louisiana capital company may only transfer or sell credits once during a  
13          calendar quarter and the entity that purchases the credit may not transfer credits  
14          obtained during the quarter in which the credits are transferred or purchased. In any  
15          subsequent calendar year, the purchaser of the credits may make one transfer election  
16          per calendar quarter.

17   \*       \*       \*

18          Section 2. Part II of Chapter 26 of Title 25 of the Louisiana Revised Statutes of  
19          1950, comprised of R.S. 25:1226 through 1226.6, R.S. 47:11 and 12, Chapter 1 of Subtitle  
20          II of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:21 through  
21          300.11, Chapter 5 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950,  
22          comprised of R.S. 47:601 through 618, Chapter 3 of Subtitle V of Title 47 of the Louisiana  
23          Revised Statutes of 1950, comprised of R.S. 47:4301 though 4306, Chapter 5 of Subtitle V  
24          of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:4331, 6005  
25          through 6037, Chapter 2 of Subtitle VII of Title 47 of the Louisiana Revised Statutes of  
26          1950, comprised of R.S. 47:6101 through 6109, Chapter 3 of Subtitle VII of Title 47 of the  
27          Louisiana Revised Statutes of 1950, comprised of R.S. 47:6301 and R.S. 51:1787(A)(1)(b),  
28          (2), and (3) and (G), Chapter 22 of Title 51 of the Louisiana Revised Statutes of 1950,  
29          comprised of R.S. 51:1801 through 1808, 1924(B), Part VI of Chapter 39 of the Louisiana

1 Revised Statutes of 1950, comprised of R.S. 51:2351 through 2356, and Chapter 39-C of  
2 Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:2399.1 through  
3 2399.6 are hereby repealed in their entirety.

4 Section 3. The provisions of this Act shall be applicable for income tax years  
5 beginning on or after January 1, 2023, and to corporate franchise tax periods beginning on  
6 or after January 1, 2023.

7 Section 4. This Act shall take effect and become operative on January 1, 2023, if the  
8 proposed amendment of Article VII of the Constitution of Louisiana contained in the Act  
9 which originated as House Bill No. \_\_\_\_ of this 2021 Regular Session of the Legislature is  
10 adopted at a statewide election and becomes effective.

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 543 Original

2021 Regular Session

DeVillier

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

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.

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. The corporation 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.

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 \$300,000.

Present law suspends the lower tier of corporate franchise tax and the initial tax for small business corporations for taxable periods beginning between July 1, 2020, and June 30, 2021.

Proposed law repeals the state taxes levied on the net income of individuals, estates and trusts, corporations and the corporation franchise tax and repeals present law provisions relative to the suspension of the lower tier of the corporate franchise tax.

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:

- (1) Rebate portion of the enterprise zone incentive program. (R.S. 51: 1787(A)(1)(c), (B)(4)(a)(intro. para.), (I), and (K)(1))
- (2) Premium tax portion of the premium tax credit. (R.S. 51:1924(A), (E), and (F))

Applicable to income tax years beginning on or after Jan. 1, 2023, and to corporate franchise tax periods beginning on or after Jan. 1, 2023.

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. \_\_\_ of this 2021 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 51:1787(A)(1)(c), (B)(4)(a)(intro. para.), (I), and (K)(1) and 1924(A), (E), and (F); Repeals R.S. 25:1226-1226.6, R.S. 47:11 and 12, 21-300.11, 601-618, 4301-4306, 4331, 6005-6037, 6101-6109, and 6301 and R.S. 51:1787(A)(1)(b), (2), and (3) and (G), 1801-1808, 1924(B), 2351-2356, and 2399.1-2399.6)