
DIGEST

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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)