

2021 Regular Session

SENATE BILL NO. 175

BY SENATOR ALLAIN

TAX/FRANCHISE/CORPORATE. Provides for a single rate of corporation franchise tax.
(See Act)

1 AN ACT

2 To amend and reenact the introductory paragraph of R.S. 47:601(A) and to repeal R.S.
3 47:601.1, relative to the rates and brackets of the corporation franchise tax; to
4 eliminate the tax on the first five hundred thousand dollars of taxable capital; to
5 repeal the temporary suspension of the initial franchise tax for small business
6 corporations; to provide for effectiveness; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. The introductory paragraph of R.S. 47:601(A) is hereby amended and
9 reenacted to read as follows:

10 §601. Imposition of tax

11 A. Every domestic corporation and every foreign corporation, exercising its
12 charter, or qualified to do business or actually doing business in this state, or owning
13 or using any part or all of its capital, plant, or any other property in this state, subject
14 to compliance with all other provisions of law, except as otherwise provided for in
15 this Chapter shall pay an annual tax at the rate of ~~one dollar and fifty cents for each~~
16 ~~one thousand dollars, or major fraction thereof on the first three hundred thousand~~
17 ~~dollars of taxable capital and at the rate of three dollars for each one thousand~~

1 dollars, or major fraction thereof, ~~which exceeds three~~ **that exceeds five** hundred
2 thousand dollars of taxable capital. Taxable capital shall be determined as ~~hereinafter~~
3 provided **in this Chapter**. The tax levied herein is due and payable on any one or all
4 of the following alternative incidents:

5 * * *

6 Section 2. R.S. 47:601.1 is hereby repealed in its entirety.

7 Section 3. The provisions of Section 1 of this Act shall be applicable to all taxable
8 periods beginning on or after January 1, 2022.

9 Section 4. The provisions of Section 2 of this Act shall be effective on July 1, 2021.

10 Section 5. This Act shall become effective upon signature by the governor or, if not
11 signed by the governor, upon expiration of the time for bills to become law without signature
12 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
13 vetoed by the governor and subsequently approved by the legislature, this Act shall become
14 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Curry Lann.

DIGEST

SB 175 Engrossed

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Allain

Present law levies the corporation franchise tax on domestic and foreign corporations exercising their charter, qualified to do business, or actually doing business in the state. 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 Louisiana.

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) \$3.00 per \$1,000 of taxable capital above \$300,000.

Proposed law eliminates the brackets of the corporation franchise tax and provides that no tax will be due on the first \$500,000 of taxable capital for all taxpayers.

Proposed law sets a single corporation franchise tax rate of \$3 per \$1,000 on taxable capital above \$500,000.

Effective for all taxable periods beginning on or after Jan. 1, 2022.

Present law temporarily suspends the franchise tax on the first \$300,000 of taxable capital for small business corporations between July 1, 2020, and June 30, 2021.

Proposed law repeals present law.

The repeal of present law suspension shall be effective on July 1, 2021.

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

(Amends R.S. 47:601(A) (intro para); repeals R.S. 47:601.1)