

2021 Regular Session

HOUSE BILL NO. 506

BY REPRESENTATIVES BEAULLIEU, CARRIER, EDMONDS, HARRIS,
MCCORMICK, AND ROMERO

TAX/INCOME TAX: Increases the amount of the net operating loss deduction

1 AN ACT

2 To amend and reenact R.S. 47:287.69 and 287.86(A), relative to corporate income tax; to
3 provide for the net operating loss deduction; to provide for the amount of the
4 deduction; to provide for applicability; to provide for an effective date; to provide
5 for limitations; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:287.69 and 287.86(A) are hereby amended and reenacted to read
8 as follows:

9 §287.69. Louisiana taxable income defined

10 "Louisiana taxable income" means Louisiana net income, after adjustments,
11 less the federal income tax deduction allowed by R.S. 47:287.85. "After adjustments"
12 means after the application of the net operating loss ~~adjustment~~ deduction allowed
13 by R.S. 47:287.86.

14 * * *

15 §287.86. Net operating loss deduction

16 A.(1) Deduction from Louisiana net income. ~~Except as otherwise provided,~~
17 ~~for~~ Except as provided for in Paragraphs (2) and (3) of this Subsection, for all claims
18 for this deduction on any return filed on or after July 1, 2015, for taxable years
19 beginning prior to January 1, 2021, regardless of the taxable year to which the return
20 ~~relates,~~ there shall be allowed for the taxable year a deduction reducing Louisiana net

1 income in an amount equal to seventy-two percent of the net operating loss
2 carryovers to such year, but the deduction shall never exceed seventy-two percent
3 of Louisiana net income.

4 (2) For all claims for this deduction on any return for a taxable year
5 beginning on or after January 1, 2021, through December 31, 2023, there shall be
6 allowed for the taxable year a deduction reducing Louisiana net income in an amount
7 equal to eighty percent of the amount of net operating loss carryovers to such year,
8 but the deduction shall never exceed eighty percent of Louisiana net income.

9 (3) For all claims for this deduction on any return filed for a taxable year
10 beginning on or after January 1, 2024, there shall be allowed for the taxable year a
11 deduction reducing Louisiana net income in an amount equal to seventy-two percent
12 of the net operating loss carryovers to such year, but the deduction shall never
13 exceed seventy-two percent of Louisiana net income.

14 * * *

15 Section 2. The provisions of this Act shall be applicable to tax years beginning on
16 or after January 1, 2021.

17 Section 3. This Act shall become effective upon signature by the governor or, if not
18 signed by the governor, upon expiration of the time for bills to become law without signature
19 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
20 vetoed by the governor and subsequently approved by the legislature, this Act shall become
21 effective on the day following such approval.

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)]

HB 506 Reengrossed 2021 Regular Session Beaulieu

Abstract: Increases the amount of the net operating loss deduction that may be claimed on returns filed for tax years beginning on or after Jan. 1, 2021, through Dec. 31, 2023, to 80% of the net operating loss carryovers for the taxable year.

Present law authorizes a deduction reducing La. net income in an amount equal to 72% of the net operating loss carryovers for the taxable year for all claims on any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates. Present law

prohibits the amount of the deduction from exceeding 72% of the La. net income of the taxpayer.

Proposed law increases the amount of the deduction for net operating losses for claims on any return for a taxable year beginning on or after Jan. 1, 2021, through Dec. 31, 2023, from 72% of the net operating loss carryovers for the taxable year to 80% of the net operating loss carryovers for the taxable year. Prohibits the amount of the deduction from exceeding 80% of the La. net income of the taxpayer.

Proposed law provides that for all claims for the net operating loss deduction on any return filed for a taxable year beginning on or after Jan. 1, 2024, the amount of the deduction shall be 72% of the net operating loss carryovers for the taxable year.

Present law authorizes a La. net loss to be carried over for 20 taxable years following the taxable year of the loss.

Proposed law retains present law.

Applicable to tax years beginning on or after Jan. 1, 2021.

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

(Amends R.S. 47:287.69 and 287.86(A))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Change the amount of the net operating loss deduction in proposed law from 100% of the net operating loss carryovers for the taxable year to 80% of the net operating loss carryovers for the taxable year.
2. Prohibit the amount of the net operating loss deduction from exceeding 80% of the La. net income of the taxpayer.

The House Floor Amendments to the engrossed bill:

1. Limit the increase in the amount of the deduction for net operating losses to claims filed for taxable years beginning on or after Jan. 1, 2021, through Dec. 31, 2023. The amount of the deduction for taxable years beginning on or after Jan. 1, 2024, reverts to 72% of the net operating loss carryovers for the taxable year.