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## DIGEST

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HB 154 Original

2023 Regular Session

Beaullieu

**Abstract:** Establishes corporate and individual income tax exemptions for certain veteran-owned businesses.

### General Provisions

Proposed law establishes corporate and individual income tax exemptions for qualifying veteran-owned businesses.

Proposed law defines "qualifying veteran-owned business", for purposes of proposed law, as any business of which at least 51% is owned by one or more veterans and which meets all of the following requirements:

- (1) The business has completed the La. Veteran Initiative certification program of the Dept. of Economic Development or any successor to that program.
- (2) At least one veteran owner of the business has completed the Pathway to Assist Veteran Entrepreneurs program of the Dept. of Economic Development or any successor to that program.
- (3) The business is a new business entity formed or registered to do business in this state on or after Aug. 1, 2023.
- (4) The business is not formed from a reorganization as defined in present law (R.S. 47:1574.3(B)).

### Exemption from Corporate Income Tax

Proposed law provides that \$50,000 of income of a qualifying veteran-owned business shall be exempt from corporate income tax in a taxable year.

Subject to the provisions of proposed law establishing the final taxable year for which a qualifying veteran-owned business may first claim the exemption (addressed immediately below), proposed law allows the exemption for a qualifying veteran-owned business in consecutive years for no more than four years.

Proposed law stipulates that the final taxable year for which a qualifying veteran-owned business

may first claim the exemption shall be the taxable year beginning on Jan. 1, 2028. Provides that if a business to which this exemption is allowed first claims the exemption for a taxable year beginning on or before Jan. 1, 2028, then the business may continue to claim the exemption for the four-year period allowed by proposed law. Prohibits businesses from making any first-time claim of the exemption in any taxable year beginning after Jan. 1, 2028.

Proposed law provides that the corporate income tax exemption authorized therein shall not be allowed for any taxable year beginning on or after Jan. 1, 2032.

### **Exemption from Individual Income Tax**

Proposed law provides that any resident individual taxpayer required to file a La. tax return, acting as a business entity authorized to do business in this state, operating as either a sole proprietorship, a partner in a partnership, or as a Subchapter S corporation, and subject to state income tax shall be allowed an exemption for income received from a qualifying veteran-owned business that did not elect to file a La. corporation income tax return pursuant to present law, R.S. 47:287.732.2, or was not eligible to make such an election.

Proposed law provides that an individual taxpayer meeting the qualifications listed above shall be allowed an exemption of no more than \$50,000 for income received in a taxable year from one or more qualifying veteran-owned businesses.

Proposed law limits the total amount of tax-exempt individual income associated with a single qualifying veteran-owned business to \$50,000 in any taxable year regardless of the number of individual taxpayers eligible for the tax exemption for income received from that business.

Subject to the provisions of proposed law establishing the final taxable year for which an individual may first claim the exemption (addressed immediately below), proposed law allows the exemption for an individual in consecutive years for no more than four years.

Proposed law stipulates that the final taxable year for which an individual may first claim the exemption for income received from a qualifying veteran-owned business shall be the taxable year beginning on Jan. 1, 2028. Provides that if an individual to which this exemption is allowed first claims the exemption for a taxable year beginning on or before Jan. 1, 2028, then the individual may continue to claim the exemption for the four-year period allowed by proposed law. Prohibits individuals from making any first-time claim of the exemption in any taxable year beginning after Jan. 1, 2028.

Proposed law provides that the individual income tax exemption authorized therein shall not be allowed for any taxable year beginning on or after Jan. 1, 2032.

Proposed law applies to taxable periods beginning on or after Jan. 1, 2024.

(Adds R.S. 47:287.738(I), 293(9)(a)(xxvi), 297.23, and 6043)