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## DIGEST

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HB 641 Original

2023 Regular Session

Bishop

**Abstract:** Terminates certain income, corporate franchise, severance, sales and use, severance, tobacco, petroleum product, and excise tax exemptions, exclusions, credits, deductions, reductions, and other tax incentives.

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) 1.85% on the first \$12,500 of net income.
- (2) 3.5% on the next \$37,500 of net income.
- (3) 4.25% on net income in excess of \$50,000.

Proposed law retains present law.

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) 1.85% on the first \$10,000 of La. taxable income.
- (2) 3.5% on the next \$40,000 of La. taxable income.
- (3) 4.25% on La. taxable income in excess of \$50,000.

Proposed law retains present law.

Present law requires that the tax to be assessed, levied, collected, and paid on the La. taxable income of every corporation to be computed at the following rates:

- (1) 3.5% on the first \$50,000 of La. taxable income.
- (2) 5.5% on La. taxable income above \$50,000 but not in excess of \$150,000.
- (3) 7.5% on La. taxable income above \$150,000.

Proposed law retains present law.

Present law levies the corporation franchise tax on a corporation when any of the following occurs:

- (1) An organization does business within this state in a corporate form.
- (2) A corporation exercises its charter or the continuance of its charter within La.
- (3) An entity owns or uses part or all of its capital, plant, or other property in La. in a corporate capacity.

Present law provides, beginning Jan. 1, 2023, that the rate of the tax shall be \$2.75 per \$1,000 of taxable capital above \$300,000.

Proposed law retains present law.

Present law imposes state sales and use taxes on the sale, use, lease, or rental of tangible personal property pursuant to the following levies in the following amounts:

- R.S. 47:302 - 2%
- R.S. 47:321 - 1%
- R.S. 47:321.1 - .45%
- R.S. 47:331 - .97%
- R.S. 51:1286 - .03%

Present law provides for various income, corporate franchise, severance, sales and use, severance, tobacco, petroleum product, and excise tax incentives in the form of exemptions, exclusions, credits, deductions, reductions, and other tax incentives.

Proposed law repeals various income, corporate franchise, severance, sales and use, severance, tobacco, petroleum product, and excise tax incentives including the following nonexclusive list of tax incentives:

- (1) Tax exemption for credit unions. (R.S. 6:662)
- (2) Exemption for certain foreign corporations. (R.S. 12:302(K) and (L))
- (3) Exemption for deposits into certain education savings accounts. (R.S. 17:3095(A)(1)(b) and (c), 3098(E), 3100.5(A)(1) and R.S. 47:293(9)(a)(vi))
- (4) Exemption for university research and development parks. (R.S. 17:3389)
- (5) Tax exemptions and credits for the Atchafalaya Trace Heritage Area Development Zone. (R.S. 25:1226 through 1226.6)
- (6) Exemption for antiseptic, scientific, religious, and chemical uses of alcohol. (R.S. 26:421)

- (7) Exemption for state banking corporations and shareholders. (R.S. 47:8 and 121)
- (8) Tax credit for electric and natural gas service. (R.S. 47:11)
- (9) Credit for low-income housing. (R.S. 47:12)
- (10) Credit for taxes paid to other states. (R.S. 47:33(A)(7))
- (11) Credit for new jobs. (R.S. 47:34 and 287.749)
- (12) Credit for neighborhood assistance and job training. (R.S. 47:35 and 287.753)
- (13) Credit for contribution of tangible property of sophisticated and technological nature to educational institutions. (R.S. 47:37 and 287.755)
- (14) Exclusion for amounts received as annuities. (R.S. 47:44)
- (15) Exclusion for scholarships and grants. (R.S. 47:49)
- (16) Exclusion for war contract renegotiation payments. (R.S. 47:50)
- (17) Exclusion for governmental subsidies for operating public transportation systems. (R.S. 47:51 and 287.71(B)(2))
- (18) Exclusion of gross income from carriage on high seas. (R.S. 47:53)
- (19) Exemption for income attributable to the recovery of bad debts, prior taxes, and delinquency amounts. (R.S. 47:53.1)
- (20) Exclusion for income discharge of indebtedness. (R.S. 47:53.2)
- (21) Exclusion for amounts of purchase of annuities for certain employees. (R.S. 47:53.4)
- (22) Exclusion for compensation for disaster services.  
(R.S. 47:53.5, 111, 242, 287.71(B)(8), and 297(10))
- (23) Deduction for interest. (R.S. 47:54)
- (24) Deduction for taxes. (R.S. 47:55)
- (25) Deduction for taxes on shareholders paid by corporation. (R.S. 47:56)
- (26) Deduction for charitable and other contributions. (R.S. 47:57)
- (27) Deduction for bad debts. (R.S. 47:58)

- (28) Deduction for alimony payments. (R.S. 47:59)
- (29) Deduction for adaptive home improvements for disabled individuals. (R.S. 47:59.1)
- (30) Deduction for losses by individuals. (R.S. 47:60)
- (31) Deduction for casualty losses by individuals. (R.S. 47:60.1)
- (32) Deduction for losses by corporations (R.S. 47:61)
- (33) Deduction for business expenses. (R.S. 47:62)
- (34) Deduction for dividends received by corporations. (R.S. 47:63)
- (35) Deduction for income from pension trusts. (R.S. 47:64)
- (36) Deduction for income from depreciation. (R.S. 47:65)
- (37) Deduction for income from depletion. (R.S. 47:66)
- (38) Deduction for income from charges in case of oil and gas wells. (R.S. 47:67)
- (39) Deduction for optional standard deduction. (R.S. 47:68)
- (40) Deduction for losses from wagering and wash sales of stock or securities. (R.S. 47:71)
- (41) Exemption for dependents who are blind or aged 65 or older. (R.S. 47:79)
- (42) Deduction for percentage depletion. (R.S. 47:158(C) and 287.745)
- (43) Credit of estate or trust against net income. (R.S. 47:183)
- (44) Deduction for insurance companies other than life or mutual. (R.S. 47:224(C))
- (45) Deduction for mutual insurance companies other than life. (R.S. 47:226(C))
- (46) Deduction from net income from Louisiana sources. (R.S. 47:246 and 287.86)
- (47) Credit for certain refunds issued by utilities. (R.S. 47:265 and 287.664)
- (48) Deduction for I.R.C. Section 280E expense. (R.S. 47:287.73(C)(1))
- (49) Deduction for corporate add-back of certain intangible expenses. (R.S. 47:287.82)

- (50) Exemption for corporations which annually contribute all of its current net earnings to organizations organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. (R.S. 47:501(B)(2))
- (51) Exemption for farmers' cooperatives. (R.S. 47:287.521)
- (52) Exemption for shipowners' protection and indemnity associations. (R.S. 47: 287.526)
- (53) Deduction for interest income and dividend income. (R.S. 47:287.738(F))
- (54) Deduction for hurricane recovery entity benefits. (R.S. 47:287.738(G))
- (55) Deductions for income from charges in case of oil and gas wells. (R.S. 47:287.743)
- (56) Credit for hiring eligible re-entrants. (R.S. 47:287.748)
- (57) Credit for Louisiana Work Opportunity. (R.S. 47:287.750)
- (58) Credit for employment of certain first-time nonviolent offenders. (R.S. 47:297(O) and 287.752)
- (59) Credit for environmental equipment purchases. (R.S. 47:287.756)
- (60) Credit for bone marrow donor expense. (R.S. 47:287.758)
- (61) Credit for employee and dependent health insurance coverage. (R.S. 47:287.759)
- (62) Deduction for construction code retrofitting. (R.S. 47:293(2)(a))
- (63) Deduction for excess federal itemized deductions. (R.S. 47:293(3))
- (64) Deduction for hurricane recovery entity benefits. (R.S. 47:293(5))
- (65) Deductions for recreation volunteers and volunteer firefighters. (R.S. 47:293(7))
- (66) Deduction for temporary teachers. (R.S. 47:293(9)(a)(x))
- (67) Deduction for net capital gains. (R.S. 47:293(9)(a)(xvii))
- (68) Exclusion for digital nomads. (R.S. 47:293(9)(a)(xx) and 297.18)
- (69) Deduction for individuals previously employed as public school classroom teachers in certain parishes. (R.S. 47:293(11))

- (70) Credit for blind, deaf, or mentally incapacitated taxpayers of taxpayers who have lost the use of a limb. (R.S. 47:297(A))
- (71) Credit for a percentage of certain federal income tax credits. (R.S. 47:297(B))
- (72) Credit for gasoline and special fuels taxes for commercial fisherman. (R.S. 47:297(C))
- (73) Credit for each qualified dependent child who is in K-12th grade at least part of the year. (R.S. 47:297(D))
- (74) Credit for small-town health professionals. (R.S. 47:297(H) )
- (75) Credit for certain bone marrow donor expenses. (R.S. 47:297(I))
- (76) Credit for educational expenses incurred for degree related to law enforcement. (R.S. 47:297( J))
- (77) Credit for employment of certain first-time drug offenders. (R.S. 47:297(K))
- (78) Credit for purchase of bulletproof vests. (R.S. 47:297(L))
- (79) Credit for long-term care insurance premiums. (R.S. 47:297(M))
- (80) Credit for living organ donation. (R.S. 47:297(N))
- (81) Deduction for medical savings accounts. (R.S. 47:297.1)
- (82) Credit for taxpayer who maintains a household that includes a dependent physically or mentally incapable of caring for themselves. (R.S. 47:297.2)
- (83) Exclusion for S Bank income. (R.S. 47:297.3, 300.6(B)(2)(d), and 300.7 (C)(2)(c))
- (84) Credit for certain child care expenses. (R.S. 47:297.4)
- (85) Credit for rehabilitation of an owner occupied residential or mixed-use property. (R.S. 47:297.6)
- (86) Credit for property insurance. R.S. 47:297.7)
- (87) Earned income tax credit. (R.S. 47:297.8)
- (88) Credit for amounts paid by certain military servicemembers for obtaining La. hunting and fishing licenses. (R.S. 47:297.9)

- (89) Deduction for elementary and secondary school tuition. (R.S. 47:297.10)
- (90) Deduction for educational expenses for home-schooled children. (R.S. 47:297.11)
- (91) Deduction for fees and other educational expenses for a quality public education. (R.S. 47:297.12)
- (92) Deduction for employment of qualified disabled individuals. (R.S. 47:297.13)
- (93) Deduction for COVID-19 educational expenses. (R.S. 47:297.15)
- (94) Exemption for COVID-19 relief benefits. (R.S. 47:297.16)
- (95) Exemption for income earned by digital nomads. (R.S. 47:297.18)
- (96) Credit for taxpayers who have undergone delivery of a stillborn child. (R.S. 47:297.19)
- (97) Deduction for adoptions from foster care. (R.S. 47:297.20)
- (98) Deduction for the private adoption of certain infants. (R.S. 47:297.21)
- (99) Credit for pregnancy related death. (R.S. 47:297.22)
- (100) Deduction from income or depletion. (R.S. 47:300.6(B)(2)(b))
- (101) Deduction for the amount of the exclusion provided in present law (R.S. 47:297.3) for S Bank shareholders. (R.S. 47:300.6(B)(2)(d))
- (102) Sales tax exclusion for installation charges on tangible personal property. (R.S. 47:301(3)(a))
- (103) Sales tax exclusion for separately stated labor charges on property repaired out-of-state. (R.S. 47:301(3)(b))
- (104) Sales tax exclusion for installation of board roads to oilfield operators. (R.S. 47:301(3)(c))
- (105) Sales tax exclusion for manufacturers rebates provided to consumers on new motor vehicles (R.S. 47:301(3)(e) and (13)(b))
- (106) Sales tax exclusion for manufacturers rebates paid directly to a dealer. (R.S. 47:301(3)(g) and (13)(e))
- (107) Cost price of news publications distributed at no cost to readers. (R.S. 47:301(3)(h))

- (108) Sales tax exclusion for purchases of manufacturing machinery and equipment. (R.S. 47:301(3)(i), (13)(k), and (28)(a))
- (109) Sales tax exclusion for purchases of electric power and natural gas by paper or wood products manufacturing facilities. (R.S. 47:301(3)(j) and (13)(m))
- (110) Sales tax exclusion for tangible personal property consumed in the manufacturing process and repairs and maintenance of manufacturing machinery and equipment. (R.S. 47:301(3)(k))
- (111) Sales tax exemption for sale or lease of piggyback trailers or containers and rolling stock. (R.S. 47:301(4)(k))
- (112) Sales tax exclusion for certain room rentals at camp and retreat facilities owned and operated by tax-exempt nonprofit organizations. (R.S. 47:301(6)(b))
- (113) Sales tax exclusion for lodging charges at certain homeless shelters. (R.S. 47:301(6)(c))
- (114) Sales tax exclusion for rental and lease of certain oilfield equipment to be re-leased or re-rented. (R.S. 47:301(7)(b))
- (115) Sales tax exclusion for rentals, leases, and sales of services involved in construction or overhaul of U.S. Navy vessels. (R.S. 47:301(7)(c) and (14)(h))
- (116) Sales tax exclusion for commuter airlines for airplanes and airplane equipment. (R.S. 47:301(7)(d) and (10)(k))
- (117) Sales tax exclusion for purchases, leases, and sales by hospitals that provide free care. (R.S. 47:301(7)(e), (10)(p), and (18)(c))
- (118) Sales tax exclusion for certain educational materials and equipment used for classroom instruction. (R.S. 47:301(7)(f), (10)(q), and (18)(e))
- (119) Sales tax exclusion for sales and rentals to Boys State of La., Inc. and Girls State of La., Inc. (R.S. 47:301(7)(g), (10)(r), and (18)(f))
- (120) Sales tax exclusion for vehicle rentals for re-rent to warranty customers. (R.S. 47:301(7)(h))
- (121) Sales tax exclusion for property used in the manufacture, production, or extraction of unblended diesel. (R.S. 47:301(7)(j), (10)(y), and (18)(k))
- (122) Sales tax exclusion for lease or rental of certain cranes and related equipment. (R.S. 47:301(7)(k))



- (123) Sales tax exclusion for lease or rental of pallets used to package products produced by the manufacturer. (R.S. 47:301(7)(l))
- (124) Sales tax exclusion for certain leases and rentals by qualifying short-term equipment rental dealers. (R.S. 47:301(7)(m))
- (125) Sales tax exclusion for purchases by regionally accredited independent educational institutions. (R.S. 47:301(8)(b))
- (126) Sales tax exclusion for purchases by certain religious institutions of bibles, songbooks, and literature used for religious instruction classes. (R.S. 47:301(8)(d))
- (127) Sales tax exclusion for purchases by the Society of the Little Sisters of the Poor. (R.S. 47:301(8)(e))
- (128) Sales tax exclusion for purchases by nonprofit entities that sell donated goods. (R.S. 47:301(8)(f))
- (129) Sales tax exclusion for purchase of automobiles for lease or rental. (R.S. 47:301(10)(a)(i) and 305.36)
- (130) Sales tax exclusion for purchases of property for lease or rental. (R.S. 47:301(10)(a)(iii) and (18)(a)(iii))
- (131) Sales tax exclusion for purchases made in connection with filming or production in connection with La. Motion Picture Incentive Act. (R.S. 47:301(10)(a)(vi))
- (132) Sales tax exclusion for sales of tangible personal property through vending machines. (R.S. 47:301(10)(b))
- (133) Sales tax exclusion for purchase of raw materials for certain production of raw or processed agricultural, silvicultural, or aquacultural products. (R.S. 47:301(10)(c)(i)(aa)(II))
- (134) Sales tax exclusion for purchases of natural gas used to manufacture iron using a certain process. (R.S. 47:301(10)(c)(i)(bb))
- (135) Sales tax exclusion for purchases of electricity used in the chlor-alkali manufacturing process. (R.S. 47:301(10)(c)(ii)(aa))
- (136) Sales tax exclusion for isolated or occasional sale of tangible personal property by a person not engaged in such business. (R.S. 47:301(10)(c)(ii)(bb))
- (137) Sales tax exclusion for sales of human tissue that is transplanted from one individual to another. (R.S. 47:301(10)(d))

(138) Sales tax exclusion for sale of raw agricultural products sold for further production of crops or animals for market. (R.S. 47:301(10)(e) and 305(A)(4)(b)(i) and (iii))

Present law imposes a tax on natural resources severed from the soil or water based upon quantity or value of the products or resources severed.

Present law provides oil and condensate shall be taxed at a rate of 12.5% of its value at the time and place of severance.

Present law provides oil produced from an incapable well shall be taxed at a reduced rate equal to one half of the present rate for oil established in present law (R.S. 47:633(a)) which equates to 6.25% of its value at the time and place of severance.

Proposed law repeals present law.

Present law provides oil produced from a stripper well shall be taxed at a reduced rate equal to one quarter of the present rate for oil established in present law (R.S. 47:633(a)) which equates to 3.125% of its value at the time and place of severance.

Proposed law repeals present law.

Present law provides oil produced from an inactive well shall be taxed at a reduced rate equal to one half of the present rate for oil established in present law (R.S. 47:633(a)) which equates to 6.25% of its value at the time and place of severance.

Proposed law repeals present law.

Present law provides oil produced from an orphan well shall be taxed at a reduced rate equal to one half of the present rate for oil established in present law (R.S. 47:633(a)) which equates to 6.25% of its value at the time and place of severance.

Proposed law repeals present law.

Present law provides for certain severance tax suspensions on horizontally drilled wells, certain inactive wells, and certain deep wells.

Proposed law repeals present law.

Present law provides the definition of value, for purposes of calculating severance tax, as the higher of (1) gross receipts received from the first purchases, less charges for trucking, barging, and pipeline fees, or (2) the posted field price.

Effective January 1, 2027.

(Amends R.S. 3:84 and 147, R.S. 4:168 and 227, R.S. 22:2065, R.S. 33:4169(D), R.S. 47:182, 223,

301(1), (16)(a) and (b), 302.1(A), 337.6, 337.9(A), (B), (C), and (D), 337.10(A)(intro. para.), (E), (G), (I)(1), (M), (N), and (P), 337.11(intro. para.), (1), (2), and (12), 337.15(B)(2), 6001(A), 6033(G), and 9052(E); Adds R.S. 39:467(I) and 468(I), R.S. 47:305.25(D), 305.37(C), 305.54(H), 305.58(G), 305.62(G), 3204(M), and 4302(E), and R.S. 51:2399.3(C); Repeals R.S. 6:662, R.S. 12:302(K) and (L), R.S. 17:3095(A)(1)(b) and (c), 3098(E), 3100.5(A)(1), and 3389, R.S. 25:1226 - 1226.6, R.S. 26:421, R.S. 47:8, 11, 12, 33(A)(7), 34, 35, 37, 44, 49 - 51, 53 - 71, 79, 111(A)(11), 121, 158, 183, 224(C), 226(C), 242, 246, 265, 287.71(B)(2) and (8), 287.73(C), 287.82, 287.86, 287.501(B)(2), 287.521, 287.526, 287.664, 287.738(F) and (G), 287.743, 287.745, 287.748, 287.749, 287.750, 287.752, 287.753, 287.755, 287.756, 287.758, 287.759, 293(2)(a), (3), (5), (7), (9)(a)(vi), (x), (xvii), and (xx), and (11), 297(A) - (D) and (H) - (P), 297.1 - 297.4, 297.6 - 297.13, 297.15, 297.16, 297.18 - 297.22, 300.6(B)(2)(b) and (d), 300.7 (C)(2), 301(3)(a) - (c), (e), (g) - (k), (4)(k), (6)(b) and (c), (7)(b) - (h) and (j) - (m), (8)(b) and (d) - (f), (10)(a), (b), (c)(i)(aa)(II) and (bb) and (ii), (d), (e), (h) - (s), (v), and (w) - (hh), (13)(a) - (c) and (e) - (m), (14)(b)(i)(bb), (ii) - (iv), (g)(iii) and (iv), (h), (j) and (k), (16)(c), (e) - (p), (18)(a), (c), (d)(ii) and (e) - (p), and (28), 301.1(B)(2) and (D), 302(D), 305(A)(1) - (C), (D)(1)(a) - (i), (k) - (m), (s), and (t), and (2) - (6), and (F) - (I), 305.1 - 305.9, 305.13 - 305.24, 305.26, 305.28, 305.33, 305.36, 305.38, 305.40, 305.45, 305.47, 305.49 - 305.53, 305.57, 305.59 - 305.61, 305.63, 305.65 - 305.71, 305.74, 337.9(C)(19) and (20) and (D)(28), 337.10.2, 602(C) - (H), 633(7)(b) - (d), (9)(b), (c), (d)(v), and (e), 633.4, 633.5, 648.21, 713, 716.1, 818.14(A)(3), 855, 6003, 6005 - 6006.1, 6008 - 6018, 6021 - 6023, 6025 - 6032, 6035, 6036, 6037, 6040 - 6042, 6104 - 6107, and 6301 and R.S. 51:1801 - 1808, 2351 - 2356, and 3081 - 3094)