

2023 Regular Session

SENATE BILL NO. 3

BY SENATOR ALLAIN

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX/TAXATION. Changes the month for the annual determination of the personal income tax and corporate franchise tax automatic rate reductions. (8/1/23)

1 AN ACT

2 To amend and reenact R.S. 47:32.1(A)(1) and 601.2(A)(1), relative to personal income tax
3 and corporation franchise tax automatic rate reductions; to change the month for the
4 annual determination of the automatic rate reductions; and to provide for related
5 matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:32.1(A)(1) and 601.2(A)(1) are hereby amended and reenacted
8 to read as follows:

9 §32.1. Individual income tax rate reduction; trigger

10 A.(1) Beginning ~~April~~ January 1, 2024, and each ~~April~~ January first
11 through 2034, if the prior fiscal year's actual individual income tax collections as
12 reported in the state's accounting system exceed the actual individual income tax
13 collections for the fiscal year ending June 30, 2019, as reported in the state's
14 accounting system, adjusted annually by the growth factor provided for in Article
15 VII, Section 10(C) of the Constitution of Louisiana, the individual income tax rate
16 in R.S. 47:32 for the tax year beginning the following January first shall be reduced
17 as provided in Paragraph (2) of this Subsection.

* * *

§601.2. Automatic rate reduction

A.(1) Beginning ~~April~~ **January** 1, 2024, and each ~~April~~ **January** first thereafter, if the prior fiscal year's actual corporation income and franchise tax collections as reported in the state's accounting system exceed the actual corporation income and franchise tax collections for the fiscal year ending June 30, 2019, as reported in the state's accounting system, adjusted annually by the growth factor provided for in Article VII, Section 10(C) of the Constitution of Louisiana, the corporation franchise tax rate in R.S. 47:601 for the tax year beginning the following January first shall be reduced as provided in Paragraph (2) of this Subsection.

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

DIGEST

SB 3 Engrossed

2023 Regular Session

Allain

Present law provides for individual income tax rates as follows:

- (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 requires an automatic rate reduction in each individual income tax rate if, beginning April 1, 2024, and each April first thereafter through 2034, the prior fiscal year's actual individual income tax collections as reported in the state's accounting system exceed the actual individual income tax collections for the fiscal year ending June 30, 2019, adjusted annually by the growth factor provided for in existing constitution.

Proposed law changes the month for the annual determination of an automatic rate reduction from April 1, 2024, and each April first thereafter through 2034 to January 1, 2024, and each January first thereafter through 2034, and otherwise retains present law.

Present law levies a corporation franchise tax at the rate of 2.75% per \$1,000 on taxable capital above \$300,000 beginning Jan. 1, 2023.

Proposed law retains present law.

Present law requires an automatic corporation franchise tax rate reduction beginning April 1, 2024, and each April first thereafter, if in any year that corporation income and franchise tax collections exceed the Fiscal Year 2018-19 corporation income and franchise tax collections, adjusted annually by the growth factor provided for in existing constitution.

Proposed law changes the month for the annual determination of an automatic rate reduction from April 1, 2024, and each April first thereafter to January 1, 2024, and each January first thereafter, and otherwise retains present law.

Effective August 1, 2023.

(Amends R.S. 47:32.1(A)(1) and 601.2(A)(1))