

SENATE BILL NO. 1

BY SENATOR ALLAIN

1 AN ACT

2 To amend and reenact R.S. 47:601(D)(2) and 1675(J) and to enact R.S. 47:601(E) and
3 1675(K), relative to the corporation franchise tax; to provide for the reduction of
4 franchise tax under certain circumstances; to provide for the utilization of credits
5 against repealed taxes; to provide for an effective date; and to provide for related
6 matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:601(D)(2) and 1675(J) are hereby amended and reenacted and R.S.
9 47:601(E) and 1675(K) are hereby enacted to read as follows:

10 §601. Imposition of tax

11 * * *

12 D.(1) * * *

13 (2) Except as otherwise provided in R.S. 47:601.1 or 601.2, for taxable
14 periods beginning on or after January 1, 2023, the annual rate of tax shall be two
15 dollars and seventy-five cents for each one thousand dollars, or major fraction
16 thereof, in excess of three hundred thousand dollars of taxable capital, **as modified**
17 **by Subsection E of this Section.**

18 **E. (1) For franchise tax periods beginning on or after January 1, 2025,**
19 **and before January 1, 2031, the tax levied pursuant to the provisions of this**
20 **Chapter shall be reduced by twenty-five percent for each year that monies are**

1 deposited into the Revenue Stabilization Trust Fund in accordance with Article
 2 VII, Section 10.15(D) of the Constitution of Louisiana and R.S. 39:100.112(D).

3 (2) The reduction shall be effective for taxable periods beginning on or
 4 after January first of the year following the monies being deposited into the
 5 Revenue Stabilization Trust Fund in accordance with Paragraph (1) of this
 6 Subsection.

7 (3) If the tax levied pursuant to the provisions of this Chapter is reduced
 8 by one hundred percent, no franchise tax shall be assessed, levied, or collected
 9 by the state nor paid by domestic or foreign corporations on taxable capital.

10 * * *

11 §1675. General administrative provisions for credits against income ~~and corporation~~
 12 franchise tax

13 * * *

14 J. Credit utilization against repealed taxes. Tax credits that were
 15 available to be applied against a tax that was repealed and that were earned in
 16 a tax period prior to the repeal of the tax, may continue to be applied against
 17 that tax for any applicable period prior to the repeal of the tax until the credit
 18 either expires or is exhausted. Nothing in this Subsection shall be interpreted
 19 to authorize an expansion of any provision of any tax credit.

20 K. Documentation for tax credits.

21 (1) Record retention.

22 (a) For credits with no carry forward provision, original records supporting
 23 any credit claimed must be maintained for four years following the date the return
 24 was filed claiming the credit.

25 (b) For credits with a carry forward provision, original records supporting the
 26 credit must be maintained for four years following the date on which the last return
 27 was filed claiming the credit.

28 (2) Documentation supporting a tax credit shall be provided by a taxpayer
 29 claiming a tax credit as required by rule or on forms or instructions provided by the
 30 secretary.

1 Section 2. This Act shall take effect and become operative if and when the Act which
2 originated as Senate Bill No. 6 of this 2023 Regular Session of the Legislature becomes
3 effective.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____