

2024 Third Extraordinary Session

HOUSE BILL NO. 3

BY REPRESENTATIVE EMERSON

TAX/CORP FRANCHISE: Repeals the corporation franchise tax and limits eligibility of certain credits to be claimed against corporation franchise tax (Item #3)

1 AN ACT

2 To amend and reenact R.S. 47:287.750(E)(1), 6005(C)(1), 6006(A) and (B)(1)(introductory

3 paragraph), (2), and (4), 6006.1(A), (B)(introductory paragraph), (1), (3), and (4),

4 and (C), 6008(A), 6013(A), 6014(A), (B), and (C)(1) and (3) through (5), 6015(B)(1)

5 and (2), (C)(3)(a) and (d)(i), (D)(2)(introductory paragraph), and (K), 6017(A),

6 6018(B), (D)(introductory paragraph), and (E), 6019(A)(1)(a)(i) and (3)(a) and

7 (b)(ii)(aa) and (dd)(I), 6020(D)(2)(a) and (3)(a) and (d)(i), 6022(E)(1)(a), (b), and

8 (e)(introductory paragraph), 6028(C)(introductory paragraph) and (D)(1) and (2),

9 6032(A) and (D), 6033(C)(introductory paragraph) and (D)(1) and (2),

10 6036(C)(1)(a)(introductory paragraph) and (I)(2)(a)(i) and (b), 6105(A), 6107(A) and

11 (B), and 6108(A) and (B)(introductory paragraph), (1), (3), and (4) and R.S.

12 51:1787(A)(2)(a) and (b) and (G) and 2399.3(A)(1) and (3)(a) and (d)(i) and to

13 repeal Chapter 5 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950,

14 comprised of R.S. 47:601 through 618, and R.S. 47:3204(H)(1), (I)(1)(a), and (J)(1)

15 and 4305(B)(1), relative to corporation taxes; to repeal the corporation franchise tax;

16 to repeal provisions relative to the application, administration, collection, and

17 payment of the corporation franchise tax; to repeal the automatic corporation

18 franchise tax rate reduction under certain circumstances; to repeal provisions relative

1 to corporations not subject to the corporation franchise tax; to provide with respect
2 to tax credits applicable against corporation franchise tax; to provide for
3 applicability; to provide for an effective date; and to provide for related matters.

4 Be it enacted by the Legislature of Louisiana:

5 Section 1. R.S. 47:287.750(E)(1), 6005(C)(1), 6006(A) and (B)(1)(introductory
6 paragraph), (2), and (4), 6006.1(A), (B)(introductory paragraph), (1), (3), and (4), and (C),
7 6008(A), 6013(A), 6014(A), (B), and (C)(1) and (3) through (5), 6015(B)(1) and (2),
8 (C)(3)(a) and (d)(i), (D)(2)(introductory paragraph), and (K), 6017(A), 6018(B),
9 (D)(introductory paragraph), and (E), 6019(A)(1)(a)(i) and (3)(a) and (b)(ii)(aa) and (dd)(I),
10 6020(D)(2)(a) and (3)(a) and (d)(i), 6022(E)(1)(a), (b), and (e)(introductory paragraph),
11 6028(C)(introductory paragraph) and (D)(1) and (2), 6032(A) and (D), 6033(C)(introductory
12 paragraph) and (D)(1) and (2), 6036(C)(1)(a)(introductory paragraph) and (I)(2)(a)(i) and
13 (b), 6105(A), 6107(A) and (B), and 6108(A) and (B)(introductory paragraph), (1), (3), and
14 (4) are hereby amended and reenacted to read as follows:

15 §287.750. Louisiana work opportunity tax credit

16 * * *

17 E.(1) The credit shall be allowed against any Louisiana income ~~or franchise~~
18 tax due from an eligible business for the taxable period in which the credit is earned.

19 * * *

20 §6005. Qualified new recycling manufacturing or process equipment and service
21 contracts

22 * * *

23 C.(1) A taxpayer who purchases qualified new recycling manufacturing or
24 process equipment or qualified service contracts, or both, as defined in this Section
25 and certified by the secretary of the Department of Environmental Quality to be used
26 or performed exclusively in this state shall be entitled to a credit against any income
27 ~~and corporation franchise~~ taxes imposed by the state in an amount equal to fourteen
28 percent of the cost of the new recycling manufacturing or process equipment or

1 qualified service contract, or both, less the amount of any other tax credits received
2 for the purchase of such equipment or contract, or both.

3 * * *

4 §6006. Tax credits for local inventory taxes paid

5 A.(1) There shall be allowed a credit against any Louisiana income ~~or~~
6 ~~corporation franchise~~ tax for ad valorem taxes paid to political subdivisions on
7 inventory held by manufacturers, distributors, and retailers.

8 (2) There shall be allowed a credit against any Louisiana income ~~or~~
9 ~~corporation franchise~~ tax for ad valorem taxes paid to political subdivisions on
10 natural gas held, used, or consumed in providing natural gas storage services or
11 operating natural gas storage facilities.

12 B.(1) Credit for taxes paid by corporations shall be applied to ~~state corporate~~
13 corporation income ~~and corporation franchise~~ taxes. Credit for taxes paid by
14 unincorporated persons shall be applied to state personal income taxes. The secretary
15 shall make a refund to the taxpayer in the amount to which he is entitled from the
16 current collections of the taxes collected pursuant to ~~Chapters~~ Chapter 1 ~~and 5~~ of
17 Subtitle II of this Title. If the amount of the credit authorized pursuant to Subsection
18 A of this Section exceeds the amount of tax liability for the tax year, the following
19 amounts of the excess credit shall either be refundable or may be carried forward as
20 a credit against subsequent Louisiana income ~~or corporation franchise~~ tax liability
21 for a period not to exceed ten years, as follows:

22 * * *

23 (2) Each taxpayer allowed a credit under this Section shall claim the credit
24 on its separately filed income ~~or corporate franchise~~ tax return; however, for
25 purposes of the application of the limitations on refundability of excess credit
26 provided for in Subparagraphs (1)(a) through (c) of this Subsection, all taxpayers
27 included in one consolidated federal income tax return filed under the Internal
28 Revenue Code shall be treated as a single taxpayer.

29 * * *

1 (4) Notwithstanding any provision in this Section to the contrary, for a
 2 manufacturer, as defined in Subparagraph (C)(3)(b) of this Section, if the amount of
 3 the credit authorized pursuant to Subsection A of this Section exceeds the amount
 4 of tax liability for the tax year, the excess credit shall not be refundable and may only
 5 be carried forward as a credit against subsequent Louisiana income ~~or corporation~~
 6 ~~franchise tax liability for a period not to exceed ten years and shall not be refundable.~~

7 * * *

8 §6006.1. Tax credits for taxes paid with respect to vessels in Outer Continental
 9 Shelf Lands Act Waters

10 A. There shall be allowed a credit against any Louisiana income ~~or~~
 11 ~~corporation franchise~~ tax for ad valorem taxes paid to political subdivisions on
 12 vessels in Outer Continental Shelf Lands Act Waters as certified to the assessor
 13 pursuant to R.S. 47:1956(B) within the calendar year immediately preceding the
 14 taxable year of assessment of such vessel. For purposes of this Section, ad valorem
 15 taxes shall be deemed to be paid to political subdivisions when they are paid either
 16 in money or by applying credits established pursuant to R.S. 47:2132.

17 B. Notwithstanding anything to the contrary in ~~either~~ Chapter 1 ~~or Chapter~~
 18 5 of Subtitle II of this Title, as amended, the following rules shall apply with respect
 19 to the application of the credit established in Subsection A of this Section:

20 (1) The credit for taxes paid by or on behalf of a corporation shall be applied
 21 against Louisiana ~~corporate~~ income ~~and corporation franchise~~ taxes of such the
 22 corporation. However, any ~~such~~ credit allowable to any member of an affiliated
 23 group of corporations, as defined in Section 1504 of the Internal Revenue Code of
 24 1954, as amended, shall be applied against Louisiana ~~corporate~~ income ~~and~~
 25 ~~corporation franchise~~ taxes of such the member and any other member of such the
 26 affiliated group of corporations until the entire amount of the credit has been applied
 27 against ~~such~~ Louisiana ~~corporate~~ income taxes ~~or corporation franchise~~ taxes.

28 * * *

1 (3) The credit for taxes paid by or on behalf of a corporation classified under
 2 Subchapter S of the Internal Revenue Code of 1954, as amended, as an S corporation
 3 shall be applied first against any Louisiana ~~corporate~~ corporation income ~~and~~
 4 ~~corporation franchise taxes~~ tax due by ~~such~~ the S corporation, and the remainder of
 5 any ~~such~~ credit shall be allocated to the shareholder or shareholders of ~~such~~ the S
 6 corporation in accordance with their respective interests and applied against the
 7 Louisiana income tax of ~~such~~ the shareholder or shareholders of the S corporation.

8 (4) The credit for taxes paid by or on behalf of a partnership shall be
 9 allocated to the partners according to their distributive shares of partnership gross
 10 income and applied against any Louisiana income tax ~~and corporation franchise tax~~
 11 liability of ~~such~~ the partners.

12 * * *

13 C. Notwithstanding any other provision of law to the contrary in ~~Title 47 of~~
 14 ~~the Louisiana Revised Statutes of 1950, as amended~~ this Title, any excess of
 15 allowable credit established by this Section over the aggregate tax liabilities against
 16 which ~~such~~ the credit can be applied, as provided in this Section, shall constitute an
 17 overpayment, as defined in R.S. 47:1621(A), and the secretary shall make a refund
 18 of ~~such~~ the overpayment from the current collections of the taxes imposed by
 19 Chapter 1 ~~or Chapter 5~~ of Subtitle II of ~~Title 47 of the Louisiana Revised Statutes of~~
 20 ~~1950, as amended~~ this Title, together with interest as provided in R.S. 47:1624. The
 21 right to a credit or refund of ~~any such~~ an overpayment shall not be subject to the
 22 requirements of R.S. 47:1621(B). All credits and refunds, together with interest
 23 thereon, must be paid or disallowed within ninety days of receipt by the secretary;
 24 of ~~any such~~ the claim for refund or credit. Failure of the secretary to pay or disallow,
 25 in whole or in part, any claim for a credit or a refund shall entitle the aggrieved
 26 taxpayer to proceed with the remedies provided in R.S. 47:1625.

27 * * *

1 §6008. Tax credits for donations made to assist playgrounds in economically
2 depressed areas

3 A. There shall be allowed a credit against any Louisiana income ~~or~~
4 ~~corporation franchise~~ tax for qualified donations made to qualified playgrounds. The
5 credit shall be an amount equal to the lesser of seven hundred twenty dollars or
6 thirty-six one hundredths of the value of the cash, equipment, goods, or services
7 donated. Any ~~such~~ credit shall be taken as a credit against the applicable income tax
8 ~~or taxes only~~ in the taxable period in which the donation is made. The total amount
9 of the credits taken by any taxpayer during any taxable year shall not exceed one
10 thousand dollars.

11 * * *

12 §6013. Tax credits for donations made to public schools

13 A. There shall be allowed a credit against the ~~corporate~~ corporation income
14 tax ~~and the corporation franchise tax~~ for qualified donations made to a public school.
15 The credit shall be an amount equal to twenty-eight percent of the appraised value
16 of the qualified donation. Any ~~such~~ credit shall be taken as a credit against the
17 ~~corporate~~ corporation income ~~or corporation franchise~~ tax for the taxable year in
18 which the donation is made. The total of all such credits taken in a taxable year shall
19 not exceed the total tax liability for that taxable year.

20 * * *

21 §6014. Credit for property taxes paid by certain telephone companies; fund

22 A. Pursuant to the provisions of this Section, there shall be allowed a credit
23 against Louisiana ~~corporation or individual~~ income taxes ~~and Louisiana corporation~~
24 ~~franchise tax for, and~~ in an amount equal to; forty percent of the aggregate ad
25 valorem taxes paid to political subdivisions of this state after December 31, 2000, by
26 a telephone company, as defined in R.S. 47:1851(Q), with respect to such telephone
27 company's public service properties, as defined in R.S. 47:1851(M), which are
28 assessed by the Louisiana Tax Commission at twenty-five percent of fair market
29 value pursuant to R.S. 47:1854.

1 B. The credit allowed under this Section shall be applied against any
2 Louisiana income ~~or corporation franchise~~ tax shown on a return filed by a person,
3 as defined in R.S. 47:2, entitled to ~~such~~ the credit as determined under Subsection
4 C of this Section for income ~~or franchise~~ tax years ending on or after December 31,
5 2001.

6 C. Notwithstanding any provision of law to the contrary, the following
7 provisions shall apply with respect to the application of the credit established in
8 Subsection A of this Section:

9 (1) The credit for ad valorem taxes paid by or on behalf of a corporation
10 shall be applied against Louisiana corporation income ~~and corporation franchise~~
11 ~~taxes~~ tax of ~~such~~ the corporation. However, any ~~such~~ credit allowable to any
12 member of an affiliated group of corporations, as defined in Section 1504 of the
13 Internal Revenue Code of 1986, as amended, shall be applied against Louisiana
14 corporation income ~~and corporation franchise taxes~~ tax of ~~such~~ the member and any
15 other member of ~~such~~ the affiliated group of corporations until the entire amount of
16 the credit has been applied against ~~such~~ Louisiana corporation income taxes ~~or~~
17 ~~corporation franchise taxes~~.

18 * * *

19 (3) The credit for taxes paid by or on behalf of a corporation classified under
20 Subchapter S of the Internal Revenue Code of 1986, as amended, as an S corporation
21 shall be applied first against any Louisiana corporation income ~~and corporation~~
22 ~~franchise taxes~~ tax due by ~~such~~ the S corporation, and the remainder of any ~~such~~
23 credit shall be allocated to the shareholder or shareholders of ~~such~~ the S corporation
24 in accordance with their respective interests and applied against the Louisiana
25 income tax of ~~such~~ the shareholder or shareholders of the S corporation.

26 (4) The credit for taxes paid by or on behalf of a partnership shall be
27 allocated to the partners according to their distributive shares of partnership gross
28 income and applied against any Louisiana income tax ~~and corporation franchise tax~~
29 liability of ~~such~~ the partners.

1 (5) The credit for taxes paid by or on behalf of a limited liability company
2 shall be allocated to the members according to their distributive shares of ~~such~~ the
3 limited liability company's gross income and applied against any Louisiana income
4 tax ~~and corporation franchise tax~~ liability of ~~such~~ the members; however, the credit
5 for taxes paid by or on behalf of a limited liability company treated as a corporation
6 for Louisiana income tax purposes may be applied against the Louisiana corporation
7 income taxes of ~~such~~ the limited liability company.

8 * * *
9 §6015. Research and development tax credit

10 * * *

11 B.(1) Any taxpayer who employs fifty or more persons and claims for the
12 taxable year a federal income tax credit under 26 U.S.C. 41(a) for increasing research
13 activities shall be allowed a tax credit to be applied against income ~~and corporation~~
14 ~~franchise taxes~~ tax due in the manner provided for in Subsection K of this Section.

15 (2) Any taxpayer who employs less than fifty persons and claims for the
16 taxable year a federal income tax credit under 26 U.S.C. 41(a) for the taxable year,
17 or meets the requirements of Subparagraph (3)(i) of this Subsection, shall be allowed
18 a tax credit to be applied against income ~~and corporation franchise taxes~~ tax due in
19 the manner provided for in Subsection K of this Section.

20 * * *

21 C.

22 * * *

23 (3)(a) All entities taxed as corporations for Louisiana income ~~or corporation~~
24 ~~franchise~~ tax purposes shall claim any credit allowed under this Section on their
25 corporation income ~~and corporation franchise~~ tax return.

26 * * *

27 (d) Entities not taxed as corporations shall claim any credit allowed under
28 this Section on the returns of the partners or members as follows:

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscoped are additions.

1 (i) Corporate partners or members shall claim their share of the credit on
2 their corporation income ~~or corporation franchise~~ tax returns.

3 * * *

4 D.

5 * * *

6 (2) In addition to the credit utilization allowed by Paragraph (C)(3) of this
7 Section, research and development tax credits for tax years 2018 and later that are
8 based on participation in the Small Business Technology Transfer Program or the
9 Small Business Innovation Research Grant program and that were not previously
10 claimed by any taxpayer against his income ~~or corporation franchise~~ tax may be
11 transferred or sold to another Louisiana taxpayer, subject to the following conditions:

12 * * *

13 K. If the amount of the credit authorized pursuant to Subsection A of this
14 Section exceeds the amount of tax liability for the tax year, the excess credit may be
15 carried forward as a credit against subsequent Louisiana income ~~or corporation~~
16 ~~franchise~~ tax liability for a period not to exceed five years.

17 * * *

18 §6017. Tax credits for certain expenses paid by economic development corporations

19 A. There shall be allowed a credit against any Louisiana income ~~or~~
20 ~~corporation franchise taxes~~ tax for the filing fee paid to the Louisiana State Bond
21 Commission that is incurred by an economic development corporation in the
22 preparation and issuance of bonds, as provided for in Chapter 27 of Title 33 of the
23 Louisiana Revised Statutes of 1950. The credit shall be an amount equal to seventy-
24 two percent of the amount of the filing fee paid to the Louisiana State Bond
25 Commission that is incurred by the corporation in the preparation and issuance of the
26 bonds.

27 * * *

28 §6018. Tax credits for purchasers from "PIE contractors"

29 * * *

1 B. There shall be allowed a credit in each tax year beginning on and after
 2 January 1, 2007, against the Louisiana income tax ~~and the Louisiana corporate~~
 3 ~~franchise tax~~ for any individual or business which purchases specialty apparel items
 4 including, but not limited to, industrial clothes, uniforms, and scrubs, from a
 5 contractor in a certified Private Sector/Prison Industry Enhancement Program which
 6 employs inmates of Louisiana correctional institutions to manufacture such apparel.

7 * * *

8 D. Notwithstanding anything to the contrary in ~~either Chapter 1 or Chapter~~
 9 ~~5 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, as amended~~ this
 10 Title, the following rules shall apply with respect to the application of the credit
 11 provided for in this Section:

12 * * *

13 E. Notwithstanding any other law to the contrary, any excess of allowable
 14 credit over aggregate tax liabilities against which ~~such~~ the credit can be applied shall
 15 constitute an overpayment, as defined in R.S. 47:1621(A), and the secretary of the
 16 Department of Revenue may make a refund of ~~such~~ the overpayment from the
 17 current collections of the taxes imposed by Chapter 1 ~~or Chapter 5~~ of Subtitle II of
 18 ~~Title 47 of the Louisiana Revised Statutes of 1950, as amended~~ this Title, together
 19 with interest as provided in R.S. 47:1624. The right to a credit or refund of any ~~such~~
 20 overpayment shall not be subject to the requirements of R.S. 47:1621(B). All credits
 21 and refunds, together with interest thereon, shall be paid or disallowed within ninety
 22 days of receipt by the secretary of ~~any such~~ the claim for refund or credit. Failure
 23 of the secretary to pay or disallow the credit or refund in whole or in part shall entitle
 24 the aggrieved taxpayer to proceed with the remedies provided in R.S. 47:1625.

25 * * *

26 §6019. Tax credit; rehabilitation of historic structures

27 A.(1)(a)(i) There shall be a credit against income ~~and corporation franchise~~
 28 tax for the amount of eligible costs and expenses incurred during the rehabilitation
 29 of a historic structure located in a downtown development district, located in a

1 cultural district, or contributing to the National Register of Historic Places. The
 2 amount of the credit shall equal twenty-five percent of the eligible costs and
 3 expenses of the rehabilitation incurred prior to January 1, 2018, regardless of the
 4 year in which the property is placed in service. The amount of the credit shall equal
 5 twenty percent of the eligible costs and expenses of the rehabilitation incurred on or
 6 after January 1, 2018, and before January 1, 2023, regardless of the year in which the
 7 property is placed in service. The amount of the credit shall equal twenty-five
 8 percent of the eligible costs and expenses of the rehabilitation incurred on or after
 9 January 1, 2023, and before January 1, 2029, regardless of the year in which the
 10 property is placed in service. No credit is authorized pursuant to this Section for
 11 expenses incurred on or after January 1, 2029.

12 * * *

13 (3)(a) The credit shall be allowed against the income tax for the taxable
 14 period in which the credit is earned ~~and against the franchise tax for the taxable~~
 15 ~~period following the taxable period in which the credit is earned.~~ If the tax credit
 16 allowed pursuant to this Section exceeds the amount of ~~such~~ taxes due, any unused
 17 credit may be carried forward as a credit against subsequent tax liability for a period
 18 not to exceed five years. This credit may be used in addition to the twenty percent
 19 federal tax credit for such purposes.

20 (b)

21 * * *

22 (ii)(aa) All entities taxed as corporations for Louisiana income ~~or corporation~~
 23 ~~franchise~~ tax purposes shall claim any credit allowed under this Section on their
 24 corporation income ~~and corporation franchise~~ tax return.

25 * * *

26 (dd) Entities not taxed as corporations shall claim any credit allowed under
 27 this Section on the returns of the partners or members as follows:

1 (I) Corporate partners or members shall claim their share of the credit on
2 their corporation income ~~or corporation franchise~~ tax returns.

3 * * *

4 §6020. Angel Investor Tax Credit Program

5 * * *

6 D. Tax credits.

7 * * *

8 (2)(a) An investor may apply for and, if qualified, be granted a credit on any
9 income ~~or corporation franchise~~ tax liability owed to the state by the taxpayer
10 seeking to claim the credit in the amount approved by the secretary of the
11 department. The amount of the tax credit shall be based upon the amount of money
12 invested by the investor in the Louisiana Entrepreneurial Business, which investment
13 shall not exceed seven hundred twenty thousand dollars per year per business and
14 one million four hundred forty thousand dollars total per business. Except as
15 otherwise provided in Subparagraph (b) of this Paragraph, the credit shall be allowed
16 against the income tax for the taxable period in which the credit is earned ~~and the~~
17 ~~franchise tax for the taxable period following the period in which the credit is earned.~~
18 The credits approved by the department shall be granted at the rate of twenty-five
19 percent of the amount of the investment with the credit divided in equal portions for
20 two years.

21 * * *

22 (3)(a) All entities taxed as corporations for Louisiana income ~~or corporation~~
23 ~~franchise~~ tax purposes shall claim any credit allowed under this Section on their
24 corporation income ~~and corporation franchise~~ tax return.

25 * * *

26 (d) Entities not taxed as corporations shall claim any credit allowed under
27 this Section on the returns of the partners or members as follows:

1 (i) Corporate partners or members shall claim their share of the credit on
2 their corporation income ~~or corporation franchise~~ tax returns.

3 * * *

4 §6022. Digital interactive media and software tax credit

5 * * *

6 E. Use of tax credits. (1) For tax credits earned for expenditures made on
7 or before December 31, 2011:

8 (a) The credit shall be allowed against the income ~~or franchise~~ tax due from
9 a taxpayer for the taxable period in which the credit is earned as well as the
10 immediately preceding period. If the tax credit allowed pursuant to this Section
11 exceeds the amount of ~~such~~ taxes due from a taxpayer, then any unused credit may
12 be carried forward by the taxpayer as a credit against subsequent tax liability for a
13 period not to exceed ten years. However, in no event shall the amount of the tax
14 credit applied by a taxpayer in a taxable period exceed the amount of ~~such~~ taxes due
15 from the taxpayer for that taxable period.

16 (b) All entities taxed as corporations for Louisiana income tax purposes shall
17 claim any credit on their corporation income ~~and franchise~~ tax return.

18 * * *

19 (e) Any tax credits allocated to a person and not previously claimed by any
20 taxpayer against his Louisiana state income ~~or franchise~~ tax may be transferred or
21 sold by ~~such~~ the person to another person, subject to the following conditions:

22 * * *

23 §6028. Louisiana Youth Jobs Tax Credit Program

24 * * *

25 C. Administration of the credit. There shall be allowed a nonrefundable tax
26 credit against income ~~and corporation franchise taxes~~ tax for a business that hires one
27 or more eligible youth on or after July 1, 2021. Notwithstanding any provision of

1 this Section to the contrary, no credit shall be granted unless the eligible youth works
2 at least three consecutive months in a full-time or part-time position at the business.

3 * * *

4 D. Application of the credit. (1) The credit shall be allowed against the
5 income ~~or corporation franchise~~ tax due from a taxpayer for the taxable period in
6 which the credit is earned. If the tax credit allowed pursuant to this Section exceeds
7 the amount of ~~such~~ taxes due from a taxpayer, then the taxpayer may carry forward
8 any unused portion as a credit against subsequent tax liability for a period not to
9 exceed five years. However, in no event shall the amount of the tax credit applied by
10 a taxpayer in a taxable period exceed the amount of ~~such~~ taxes due from the taxpayer
11 for that taxable period.

12 (2) All entities taxed as corporations for Louisiana income tax purposes shall
13 claim any credit on their corporation income ~~and franchise~~ tax return.

14 * * *

15 §6032. Tax credit for certain milk producers

16 A. A resident taxpayer engaged in the business of producing milk for sale
17 shall be allowed a refundable tax credit based on the amount of milk produced and
18 sold. The credit may be claimed against any Louisiana income tax ~~and the~~
19 ~~corporation franchise tax~~. The credit shall be allowed when the USDA Uniform
20 Price in Federal Order Number 7 drops below the announced production price any
21 time during the calendar year.

22 * * *

23 D. The credit provided by this Section shall be earned on the last day of each
24 calendar year and may be claimed against the income tax for the taxable year that
25 includes the day on which the credit is earned ~~or for the succeeding franchise tax~~
26 ~~year~~. The credit shall be prorated on a quarterly basis.

27 * * *

28 §6033. Apprenticeship tax credits

29 * * *

1 C. Administration of the credit. For taxable periods beginning after
2 December 31, 2021, there shall be allowed a nonrefundable tax credit against
3 Louisiana income tax ~~or corporation franchise tax~~ for the employment of eligible
4 apprentices as provided for in this Section.

5 * * *

6 D. Application of the credit.

7 (1) The credit shall be allowed against the income ~~or franchise~~ tax due from
8 a taxpayer for the taxable period in which the credit is earned. If the tax credit
9 allowed pursuant to this Section exceeds the amount of ~~such~~ taxes due from a
10 taxpayer, then the taxpayer ~~as a credit~~ may carry any unused credit forward to be
11 applied against subsequent tax liability for a period not to exceed five years.
12 However, in no event shall the amount of the tax credit applied by a taxpayer in a
13 taxable period exceed the amount of ~~such~~ taxes due from the taxpayer for that
14 taxable period.

15 (2) All entities taxed as corporations for Louisiana income tax purposes shall
16 claim any credit on their corporation income ~~and franchise~~ tax return.

17 * * *

18 §6036. Ports of Louisiana tax credits

19 * * *

20 C. Investor tax credit.

21 (1)(a) There are hereby authorized the following credits against state income
22 ~~and corporate franchise~~ tax:

23 * * *

24 I. Import-export cargo tax credit.

25 * * *

26 (2)(a)(i) For taxable years beginning on and after January 1, 2014, there shall
27 be allowed a credit against the ~~individual income, corporation income, and~~
28 ~~corporation franchise~~ tax liability of a taxpayer who has received certification
29 pursuant to the provisions of Paragraph (1) of this Subsection, provided that the

1 credit shall be allowed only against the tax liability of the international business
2 entity which receives the certification. The amount of the credit shall be equal to the
3 product of multiplying three dollars and sixty cents by the taxpayer's number of tons
4 of qualified cargo for the taxable year which exceeds the pre-certification tonnage
5 or the product of multiplying the number of dollars by the taxpayer's number of tons
6 of qualified cargo for the taxable year or portion of a taxable year which exceeds the
7 pre-certification tonnage which is warranted by the significant positive economic
8 benefit determined by the commissioner pursuant to Item (ii) of this Subparagraph,
9 whichever is less. For purposes of this Item, "pre-certification tonnage" means the
10 number of tons of cargo which meets the definition of qualified cargo for purposes
11 of this credit, and which was owned by the international business entity receiving the
12 credit, were imported or exported to or from a manufacturing, fabrication, assembly,
13 distribution, processing, or warehouse facility located in Louisiana, and which were
14 so moved by way of an oceangoing vessel berthed at public port facilities in
15 Louisiana during the calendar year prior to the year in which the application is
16 submitted. However, each tax credit granted to a taxpayer shall be subject to the
17 same limit as is provided for a qualifying project pursuant to Subparagraph (C)(1)(b)
18 of this Section. In addition, the import-export cargo tax credits granted by the
19 department to any recipient pursuant to this Section shall be limited to an amount
20 which shall not result in a reduction of tax liability by all recipients of such credits
21 to exceed four million five hundred thousand dollars in any fiscal year.

* * *

22
23 (b) ~~In the event that~~ If the tax credits allowed pursuant to this Subsection
24 exceed the total tax liability of the taxpayer in the taxable year, the amount of the
25 credit not used as an offset against ~~such~~ tax liability may be carried forward as a
26 credit against subsequent ~~individual and corporation income, or corporation franchise~~
27 tax liabilities for a period not to exceed five taxable years.

* * *

1 §6105. Child care provider tax credit

2 A. There shall be a credit against any Louisiana ~~individual or corporation~~
3 ~~income tax or corporation franchise tax~~ for a child care provider. The tax credit shall
4 be refundable as provided for in R.S. 47:6108. The tax credit shall be an amount
5 based upon the average monthly number of children who either participate in the
6 Child Care Assistance Program administered by the ~~office of children and family~~
7 ~~services in the Department of Children and Family Services~~ state Department of
8 Education or who are foster children in the custody of the Department of Children
9 and Family Services, and who are attending a child care facility or facilities operated
10 by the child care provider, multiplied by an amount which shall be based upon the
11 quality rating of each child care facility operated by the child care provider as
12 follows:

Quality Rating of Child Care Facility	Tax Credit Per Eligible
	Child Attending
Five star	\$1,500
Four star	\$1,250
Three star	\$1,000
Two star	\$ 750
One star or nonparticipating facility	0
* * *	

21 §6107. Business-supported child care

22 A.(1) There shall be a refundable credit against any Louisiana ~~individual or~~
23 ~~corporation~~ income tax ~~or corporation franchise tax~~ for the eligible business child
24 care expenses supported by a business. The credit shall be the following percentages
25 of ~~such~~ eligible business child care expenses depending upon the quality rating of the
26 child care facility to which the expenses are related or the quality rating of the child
27 care facility the child attends:

1	Quality Rating of Child Care Facility	Percentage of eligible business
2		child care expenses
3	Five star	20%
4	Four star	15%
5	Three star	10%
6	Two star	5%
7	One star or nonparticipating facility	0

8 (2) There shall be an additional refundable credit against any Louisiana
9 ~~individual or corporation income tax or corporation franchise tax~~ for the payment by
10 a business of fees and grants to child care resource and referral agencies not to
11 exceed five thousand dollars per tax year.

12 B. The credits provided for in this Section shall be allowed against income
13 ~~tax or corporate franchise tax~~ for the taxable period in which the credit is earned. If
14 the tax credit exceeds the amount of such taxes due, then the unused credit shall be
15 refunded as provided for in R.S. 47:6108.

16 * * *

17 §6108. Refundable tax credits

18 A. Notwithstanding any other provision of law to the contrary, any excess
19 of allowable credit provided in R.S. 47:6105, 6106, and 6107 and the refundable
20 portion of the credit as provided for in R.S. 47:6104 over the aggregate tax liabilities
21 against which ~~such~~ the credit may be applied, as provided in this Section, shall
22 constitute an overpayment, as defined in R.S. 47:1621(A), and the secretary shall
23 make a refund of ~~such~~ the overpayment from the current collections of the taxes
24 imposed by Chapter 1 ~~or Chapter 5~~ of Subtitle II of this Title, together with interest
25 as provided in R.S. 47:1624. The right to a credit or refund of any ~~such~~ overpayment
26 shall not be subject to the requirements of R.S. 47:1621(B). All credits and refunds,
27 together with interest thereof, must be paid or disallowed within one year of receipt
28 by the secretary of ~~any such~~ the claim for refund or credit. Failure of the secretary

1 to pay or disallow, in whole or in part, any claim for a credit or a refund shall entitle
2 the aggrieved taxpayer to proceed with the remedies provided in R.S. 47:1625.

3 B. Notwithstanding anything to the contrary in ~~either Chapter 1 or Chapter~~
4 ~~5~~ of Subtitle II of this Title, ~~as amended~~, the following rules shall apply with respect
5 to the application of the credit established in Subsection A of this Section:

6 (1) The credit for taxes paid by or on behalf of a corporation shall be applied
7 against Louisiana corporate income ~~and corporation franchise taxes~~ tax of ~~such the~~
8 corporation.

9 * * *

10 (3) The credit for taxes paid by or on behalf of a corporation classified under
11 Subchapter S of the Internal Revenue Code of 1954, as amended, as an S corporation
12 shall be applied first against any Louisiana corporate income ~~and corporation~~
13 ~~franchise taxes~~ tax due by ~~such the~~ S corporation, and the remainder of any ~~such~~
14 credit shall be allocated to the shareholder or shareholders of ~~such the~~ S corporation
15 in accordance with their respective interests and applied against the Louisiana
16 income tax of ~~such the~~ shareholder or shareholders of the S corporation.

17 (4) The credit for taxes paid by or on behalf of a partnership shall be
18 allocated to the partners according to their distributive shares of partnership gross
19 income and applied against any Louisiana income tax ~~and corporation franchise tax~~
20 liability of ~~such the~~ partners.

21 * * *

22 Section 2. R.S. 51:1787(A)(2)(a) and (b) and (G) and 2399.3(A)(1) and (3)(a) and
23 (d)(i) are hereby amended and reenacted to read as follows:

24 §1787. Enterprise zone incentives

25 A. The board, after consultation with the secretaries of the Department of
26 Economic Development and Department of Revenue, and with the approval of the
27 governor, may enter into contracts not to exceed five years to provide:

28 * * *

1 (2)(a) Except as provided in Subparagraph (b) of this Paragraph, for a two
2 thousand five hundred dollar tax credit per net new employee as determined by the
3 company's average annual employment reported under the Louisiana Employment
4 Security Law during the taxable year for which credit is claimed. For projects for
5 which the advance notification form is filed on or after April 1, 2016, the amount of
6 the credit provided for in this Subparagraph shall be one thousand dollars per net
7 new employee, unless either the net new employee for which the credit is claimed
8 was receiving Supplemental Nutrition Assistance Program (SNAP), Women, Infants,
9 and Children (WIC), Medicaid, unemployment benefits, or any other benefits from
10 a similar public assistance program, as provided for in rule by the Department of
11 Economic Development, during the six-month period prior to employment or the net
12 new employee is hired by a participating business located in an enterprise zone. The
13 amount of the credit for each net new employee meeting these qualifications shall
14 be three thousand five hundred dollars. This tax credit may be applied to any state
15 income tax liability ~~or any state corporate franchise tax liability~~, but not liabilities
16 for penalty or interest, due or outstanding at the time the credit is generated.
17 However, credits may be applied to a due or outstanding tax liability attributable to
18 tax years prior to the year in which the credit is generated only if the tax liability is
19 the result of an assessment, administrative, or judicial proceeding by the Department
20 of Revenue after an audit, provided that no further interest or penalty shall be
21 accrued on such tax liability after the credit is generated. If the entire credit cannot
22 be used in the year claimed, the remainder may be applied against the income tax ~~or~~
23 ~~corporate franchise tax~~ for the succeeding ten taxable years or until the entire credit
24 is used, whichever occurs first. These credits shall also apply to those tax liabilities,
25 but not liabilities for penalty or interest, identified in tax years where existing
26 contracts generate the credit.

27 (b) In lieu of the tax credit provided in Subparagraph (a) of this Paragraph,
28 for aviation or aerospace industries as defined in North American Industry
29 Classification System (NAICS) Code 336411, 336412, 336413, and 332912, for a

1 five thousand dollar tax credit for each new job created. This tax credit may be
2 applied to any state income tax liability ~~or any state franchise tax liability~~ within a
3 ten-year period from the date that the contract becomes effective or until the entire
4 credit is used, whichever occurs first.

5 * * *

6 G. The board, after consultation with the secretaries of the Department of
7 Economic Development and the Department of Revenue, and with the approval of
8 the governor, may enter into agreements with employers located in either urban or
9 rural enterprise zones or in economic development zones under which employers
10 may receive a two-year tax credit for a total of two thousand five hundred dollars for
11 each FITAP participant who is employed full time for a period of not less than two
12 years for compensation which will disqualify such person from continued
13 participation in the FITAP program. This tax credit may be applied to any state
14 income tax liability ~~or any state franchise tax liability~~ and shall be used for the
15 taxable year in which the increase in average annual employment occurred.
16 However, an employee shall be limited to two years participation under the program.
17 No employer shall obtain a credit for more than ten employees in the first year of
18 participation in the program authorized by this Section. Employers shall be eligible
19 for tax credits under the program for ten years.

20 * * *

21 §2399.3. Modernization tax credit

22 A.(1) Except as provided in Subsection B of this Section, an employer may
23 earn and apply for and, if qualified, be granted a refundable credit on any income ~~or~~
24 ~~corporation franchise~~ tax liability owed to the state by the employer seeking to claim
25 the credit, in the amount approved by the secretary of the department for the amount
26 of qualified expenditures incurred by the employer for a modernization. Except as
27 otherwise provided in this Paragraph, the refundable credit shall be allowed against

1 the income tax for the taxable period in which the credit is earned ~~and the franchise~~
2 ~~tax for the taxable period following the period in which the credit is earned.~~

3 * * *

4 (3)(a) All entities taxed as corporations for Louisiana income ~~or corporation~~
5 ~~franchise~~ tax purposes shall claim any credit allowed under this Section on their
6 corporation income ~~and corporation franchise~~ tax return.

7 * * *

8 (d) Entities not taxed as corporations shall claim any credit allowed under
9 this Section on the returns of the partners or members as follows:

10 (i) Corporate partners or members shall claim their share of the credit on
11 their corporation income ~~or corporation franchise~~ tax returns.

12 * * *

13 Section 3. Chapter 5 of Subtitle II of Title 47 of the Louisiana Revised Statutes of
14 1950, comprised of R.S. 47:601 through 618, and R.S. 47:3204(H)(1), (I)(1)(a), and (J)(1)
15 and 4305(B)(1) are hereby repealed in their entirety.

16 Section 4. The provisions of this Act shall apply to corporate franchise tax periods
17 beginning on or after January 1, 2026.

18 Section 5. This Act shall become effective on July 1, 2025.

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 3 Original 2024 Third Extraordinary Session Emerson

Abstract: Repeals the corporation franchise tax and removes eligibility of certain tax credits to be claimed against the corporation franchise tax.

Present law (R.S. 47:601 et seq.) establishes the corporation franchise tax which is levied on every domestic and foreign corporation exercising its charter, qualified to do business, or actually doing business in La. The corporation franchise tax is also levied on any domestic or foreign corporation owning or using any part of its capital, plant, or other property in La.

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.

Present law provides for the determination of taxable capital for purposes of levying the corporation franchise tax as well as the tax treatment of capital stock, surplus and undivided profits, and the allocation of taxable capital. Present law further provides for the administration of the tax as well as the collection and payment of the tax.

Present law requires every corporation or other entity subject to the franchise tax to pay only an initial tax of \$110 in the first accounting period in which it becomes subject to the tax. After the first closing of the corporate books, the tax is payable as provided in present law.

Present law requires an automatic corporation franchise tax rate reduction beginning Jan. 1, 2024, and each Jan. first thereafter, if in any year 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 present constitution.

Proposed law repeals present law.

Present law provides for various incentives in the form of credits, deductions, exemptions, exclusions, and rebates that are applicable against individual and corporation income tax as well as corporation franchise taxes.

Proposed law retains present law with respect to incentives applicable against individual and corporation income taxes but removes applicability of the following incentives against the corporation franchise tax:

- (1) La. work opportunity tax credit. (R.S. 47:287.750)
- (2) Tax credit for qualified new recycling manufacturing or process equipment and service contracts. (R.S. 47:6005)
- (3) Tax credits for local inventory taxes paid. (R.S. 47:6006)
- (4) Tax credits for taxes paid with respect to vessels in Outer Continental Shelf Lands Act Waters. (R.S. 47:6006.1)
- (5) Tax credits for donations made to assist playgrounds in economically depressed areas. (R.S. 47:6008)
- (6) Tax credits for donations made to public schools. (R.S. 47:6013)
- (7) Credit for property taxes paid by certain telephone companies. (R.S. 47:6014)
- (8) Research and development tax credit. (R.S. 47:6015)
- (9) Tax credits for certain expenses paid by economic development corporations. (R.S. 47:6017)
- (10) Tax credits for purchasers from "PIE contractors". (R.S. 47:6018)
- (11) Tax credit for rehabilitation of historic structures. (R.S. 47:6019)
- (12) Tax credits associated with the Angel Investor Tax Credit Program. (R.S. 47:6020)
- (13) Digital interactive media and software tax credit. (R.S. 47:6022)
- (14) Tax credits associated with the La. Youth Jobs Tax Credit Program. (R.S. 47:6028)
- (15) Tax credit for certain milk producers. (R.S. 47:6032)

- (16) Apprenticeship tax credits. (R.S. 47:6033)
- (17) Ports of Louisiana tax credits. (R.S. 47:6036)
- (18) Child care provider tax credit. (R.S. 47:6105)
- (19) Business-supported child care tax credit. (R.S. 47:6107)
- (20) Tax credits associated with Enterprise zone incentives. (R.S. 51:1787)
- (21) Modernization tax credit. (R.S. 51:2399.3)

Effective July 1, 2025, and applicable to corporate franchise tax periods beginning on or after Jan. 1, 2026.

(Amends R.S. 47:287.750(E)(1), 6005(C)(1), 6006(A) and (B)(1)(intro. para.), (2), and (4), 6006.1(A), (B)(intro. para.), (1), (3), and (4), and (C), 6008(A), 6013(A), 6014(A), (B), and (C)(1) and (3) - (5), 6015(B)(1) and (2), (C)(3)(a) and (d)(i), (D)(2)(intro. para.), and (K), 6017(A), 6018(B), (D)(intro. para.), and (E), 6019(A)(1)(a)(i) and (3)(a) and (b)(ii)(aa) and (dd)(I), 6020(D)(2)(a) and (3)(a) and (d)(i), 6022(E)(1)(a), (b), and (e)(intro. para.), 6028(C)(intro. para.) and (D)(1) and (2), 6032(A) and (D), 6033(C)(intro. para.) and (D)(1) and (2), 6036(C)(1)(a)(intro. para.) and (I)(2)(a)(i) and (b), 6105(A), 6107(A) and (B), and 6108(A) and (B)(intro. para.), (1), (3), and (4) and R.S. 51:1787(A)(2)(a) and (b) and (G), and 2399.3(A)(1) and (3)(a) and (d)(i); Repeals R.S. 47:601 - 618, 3204(H)(1), (I)(1)(a), and (J)(1), and 4305(B)(1))