

Regular Session, 2014

HOUSE BILL NO. 465

BY REPRESENTATIVE BROADWATER

TAX/AD VALOREM TAX: Provides with respect to ad valorem taxes on shares of bank stock

1 AN ACT

2 To enact R.S. 47:1967(H), relative to ad valorem tax; to provide with respect to ad valorem
3 taxes imposed on certain shares of bank stock; to provide for requirements of the
4 Louisiana Legislature; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:1967(H) is hereby enacted to read as follows:

7 §1967. Listing and assessment of bank stock; procedure

8 * * *

9 H.(1) It is the will of the Louisiana Legislature to ensure that Louisiana
10 banks do not become the only corporations in the state subject to a corporate tax.
11 Currently, the corporate tax paid by banks is the tax on bank stock provided for in
12 this Section, which is paid in lieu of payment of state corporate income taxes
13 pursuant to R.S. 47:287.11 et seq. Therefore, if state corporate income tax for
14 corporations other than banks under R.S. 47:287.11 et seq. is repealed, the Louisiana
15 Legislature shall do one of the following:

16 (a) Obligate the state to provide full reimbursement to all banks paying tax
17 under the provisions of this Section. Full reimbursement under this Subsection may
18 be accomplished either by direct payment made by the state to the bank or through
19 state tax credits issued to the bank.

1 (b) Obligate the state to pay local governments directly for the full amount
2 of taxes collectible under the provisions of this Section, in lieu of banks paying the
3 taxes.

4 (c) Repeal the tax on bank stock provided under this Section.

5 (d) Adopt any other arrangement agreed to by the state and local government
6 that is applicable to all parishes and results in any of the following regarding the tax
7 on bank stock: (i) banks not paying the tax; (ii) banks receiving full reimbursement
8 for the amount of tax paid; or (iii) repeal of the tax.

9 (2) Any action taken by the Louisiana Legislature to comply with the
10 provisions of this Subsection shall not result in banks being subject to any new tax,
11 fee, or charge that is not applicable to other corporations in the state.

12 (3) For purposes of this Subsection, "banks" or a "bank" means a Federal
13 Deposit Insurance Corporation insured institution that is subject to taxation under
14 this Section.

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)]

Broadwater

HB No. 465

Abstract: Requires certain action by the legislature regarding ad valorem tax on shares of bank stock if the corporation income tax is repealed.

Present law provides that shares of stock of all banks, banking companies, firms, associations, or corporations, doing a banking business in this state, chartered by the laws of this state, any other state, or of the U.S. or chartered under the laws of another country (bank stock) are subject to ad valorem tax. The tax rate is 15% of fair market value. The value is based on stockholder equity capital. Present law further provides for specific criteria and elements to be included and excluded in the consideration of the fair market value of bank stock.

Proposed law retains present law and provides for legislative findings regarding the ad valorem tax on bank shares in lieu of a bank paying state corporation income tax.

Proposed law provides for specific requirements of the La. Legislature regarding the tax treatment of bank shares if the state corporation income tax is repealed. The La. Legislature is required to do one of the following:

(1) Obligate the state to reimburse all banks for payment of ad valorem tax.

- (2) Obligate the state to pay local governments directly for the full amount of taxes owed for bank shares as provided in present law.
- (3) Repeal the tax on bank stock provided for under proposed law.
- (4) Adopt any other arrangement agreed to by the state and local governments that is applicable to all parishes and results in any of the following regarding the ad valorem tax on bank stock:
 - (a) An exemption from ad valorem tax for bank shares.
 - (b) Full reimbursement of banks for ad valorem taxes paid.
 - (c) Repeal of the banks shares tax provided for in present law.

Proposed law provides that no action taken by the La. Legislature to comply with the provisions of proposed law may result in banks being subject to any new tax, fee, or charge that is not applicable to other corporations in the state.

(Adds R.S. 47:1967(H))