
DIGEST

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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certain action by the legislature regarding ad valorem tax on shares of bank stock if the corporation income tax is repealed.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 Legislature regarding the tax treatment of bank shares if the state corporation income tax is repealed.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))