

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 is repealed, the Louisiana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 provide a commensurate level of tax relief to banks paying tax
16 under the provisions of this Section, while identifying a revenue source to meet the
17 obligations of local governments to provide necessary services.

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

- 1 (3) For purposes of this Subsection, "banks" or a "bank" means a Federal
 2 Deposit Insurance Corporation insured institution that is subject to taxation under
 3 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certain action by the legislature regarding ad valorem tax on shares of bank stock if the corporation income tax is repealed.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.

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

Proposed law provides that if the corporation income tax is repealed, the La. Legislature is required to provide a commensurate level of tax relief to banks paying ad valorem tax under present law, while also identifying a revenue source to meet the obligations of local governments to provide necessary services.

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))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Deleted requirements that if the corporation income tax is repealed, the state would either incur specific obligations relative to the ad valorem tax on bank stock, or the ad valorem tax on bank stock would be repealed.
2. Added a requirement that the La. Legislature provide a commensurate level of tax relief to banks relative to ad valorem tax as is afforded to other businesses if the corporation income tax is repealed.

House Floor Amendments to the engrossed bill.

1. With respect to prospective actions of the legislature if the corporation income tax is repealed, specifically regarding the balancing of ad valorem tax relief for banks with consideration of the obligations of local government to provide services, specified that the legislature shall identify a revenue source for local government in such case.