

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

TAX/AD VALOREM TAX: Requires the legislature to provide commensurate relief to banks paying a property tax on their shares of bank stock if the corporate income tax is repealed or reduced and requires the legislature to identify a revenue source for local government.

DIGEST

Present law exempts stocks from ad valorem property tax, except bank stocks.

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 millages are assessed on 15% of the fair market value of the stock, which is based on stockholder equity capital.

Present law exempts from corporate income tax mutual savings banks, national banking corporations and banking corporations organized under the laws of the state of Louisiana who pay a tax for their shareholders or whose shareholders pay a tax on their shares of stock, and building and loan associations.

Proposed law provides that if the corporation income tax is repealed or reduced, the La. Legislature is required to provide a commensurate level of ad valorem property tax relief to banks paying the share tax under present law, and must identify 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 Deleted requirements that if the corporation income tax is repealed, the state would either incur specific obligations relative to the ad valorem tax on bank stock, or the ad valorem tax on bank stock would be repealed.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of tax relief to banks relative to ad valorem tax as is afforded to other businesses if the corporation income tax is repealed.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 With respect to prospective actions of the legislature if the corporation income tax is repealed, specifically regarding the balancing of ad valorem tax relief for banks with consideration of the obligations of local government to provide services,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.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs
to the reengrossed bill

1. Also requires ad valorem property tax relief to banks paying the share tax if corporate income tax is reduced.