
DIGEST

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HB 90 Original

2016 First Extraordinary Session

Ivey

Abstract: Provides for the phasing-out of the corporation franchise tax over a period of three years.

Present law (R.S. 47:601 et seq.) establishes the corporation franchise tax. Such tax is levied on every domestic and foreign corporation exercising its charter, qualified to do business, or actually doing business in La. It is also levied on any domestic or foreign corporation owning or using any part of its capital, plant, or other property in La. Proposed law phases out present law, as more fully explained below.

Present law provides that the tax shall be levied at the following rates:

- (1) \$1.50 per \$1,000 of taxable capital, up to \$300,000.
- (2) \$3 per \$1,000 of taxable capital above \$300,000.

Proposed law retains present law but provides that the amount levied under present law shall be reduced by a cumulative 25% each year beginning Jan. 1, 2017, over the next three years until the amount levied is eliminated. Proposed law further provides that in taxable years beginning on or after Jan. 1, 2020, no corporation franchise tax shall be assessed or paid.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:601)