

2016 First Extraordinary Session

HOUSE BILL NO. 19

BY REPRESENTATIVE JAMES

TAX/CORP FRANCHISE: Provides relative to the entities to which corporate franchise tax applies (Item #28)

1 AN ACT

2 To amend and reenact R.S. 47:601(A)(3) and (C)(1), relative to corporate franchise tax; to
3 provide relative to the entities to which the tax applies; to provide for applicability;
4 to provide for an effective date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:601(A)(3) and (C)(1) are hereby amended and reenacted to read
7 as follows:

8 §601. Imposition of tax

9 A. Every domestic corporation and every foreign corporation, exercising its
10 charter, or qualified to do business or actually doing business in this state, or owning
11 or using any part or all of its capital, plant, or any other property in this state, subject
12 to compliance with all other provisions of law, except as otherwise provided for in
13 this Chapter shall pay an annual tax at the rate of one dollar and fifty cents for each
14 one thousand dollars, or major fraction thereof on the first three hundred thousand
15 dollars of taxable capital and at the rate of three dollars for each one thousand
16 dollars, or major fraction thereof, which exceeds three hundred thousand dollars of
17 taxable capital. Taxable capital shall be determined as hereinafter provided. The tax
18 levied herein is due and payable on any one or all of the following alternative
19 incidents:

20 * * *

- (2) A corporation exercises its charter or the continuance of its charter within La.
- (3) An entity owns or uses part or all of its capital, plant, or other property in La. in a corporate capacity.

Proposed law changes present law relative to owning or using part or all of an entity's capital, plant, or other property in La. in a corporate capacity to owning or using part or all of an entity's capital, plant, or other property in La. whether owned directly or indirectly by or through a partnership, joint venture, or any other business organization.

Present law defines "domestic corporation" as a corporation, joint stock company or association, or other business organization organized under the laws of this state that has privileges, powers, rights, or immunities not possessed by individuals or partnerships.

Proposed law retains present law and adds all entities taxed as corporations for federal income tax purposes to the definition of "domestic corporation".

Proposed law applies to all taxable periods beginning on or after Jan. 1, 2017.

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

(Amends R.S. 47:601(A)(3) and (C)(1))