

2017 Regular Session

HOUSE BILL NO. 80

BY REPRESENTATIVE HILFERTY

TAX/CORP FRANCHISE: Phases out the corporate franchise tax over a 10-year period

1 AN ACT

2 To amend and reenact R.S. 47:601(A), (B), and (C)(2), relative to the corporate franchise
3 tax; to provide for the rate of the corporate franchise tax; to provide for a reduction
4 and eventual elimination of the corporate franchise tax; to provide for an effective
5 date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:601(A), (B), and (C)(2) are hereby amended and reenacted to read
8 as follows:

9 §601. Imposition of tax

10 A. (1) Except as provided in Paragraph (2) of this Subsection, every
11 ~~Every~~ domestic corporation and every foreign corporation, exercising its charter, or
12 qualified to do business or actually doing business in this state, or owning or using
13 any part or all of its capital, plant, or any other property in this state, subject to
14 compliance with all other provisions of law, except as otherwise provided for in this
15 Chapter shall pay an annual tax at the rate of one dollar and fifty cents for each one
16 thousand dollars, or major fraction thereof on the first three hundred thousand dollars
17 of taxable capital and at the rate of three dollars for each one thousand dollars, or
18 major fraction thereof, which exceeds three hundred thousand dollars of taxable
19 capital. Taxable capital shall be determined as hereinafter provided. The tax levied
20 herein is due and payable on any one or all of the following alternative incidents:

1 ~~(1)~~(a) The qualification to carry on or do business in this state or the actual
2 doing of business within this state in a corporate form. The term "doing business"
3 as used herein shall mean and include each and every act, power, right, privilege, or
4 immunity exercised or enjoyed in this state, as an incident to or by virtue of the
5 powers and privileges acquired by the nature of such organizations, as well as, the
6 buying, selling, or procuring of services or property.

7 ~~(2)~~(b) The exercising of a corporation's charter or the continuance of its
8 charter within this state.

9 ~~(3)~~(c) The owning or using any part or all of its capital, plant, or other
10 property in this state whether owned directly or indirectly by or through a
11 partnership, joint venture, or any other business organization of which the domestic
12 or foreign corporation is a related party as defined in R.S. 47:605.1.

13 (2) The tax levied pursuant to the provisions of this Chapter shall be limited
14 to the following percentages of the amount otherwise levied pursuant to the
15 provisions of this Chapter:

16 (a) For taxable years beginning on or after January 1, 2018, and before
17 January 1, 2019, ninety percent.

18 (b) For taxable years beginning on or after January 1, 2019, and before
19 January 1, 2020, eighty percent.

20 (c) For taxable years beginning on or after January 1, 2020, and before
21 January 1, 2021, seventy percent.

22 (d) For taxable years beginning on or after January 1, 2021, and before
23 January 1, 2022, sixty percent.

24 (e) For taxable years beginning on or after January 1, 2022, and before
25 January 1, 2023, fifty percent.

26 (f) For taxable years beginning on or after January 1, 2023, and before
27 January 1, 2024, forty percent.

28 (g) For taxable years beginning on or after January 1, 2024, and before
29 January 1, 2025, thirty percent.

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)]

HB 80 Original

2017 Regular Session

Hilferty

Abstract: Provides for the phasing out of the corporation franchise tax over a 10-year period beginning in tax year 2018.

Present law (R.S. 47:601 et seq.) establishes the corporation franchise tax which is levied on every domestic and foreign corporation exercising its charter, qualified to do business, or actually doing business in La. Corporate franchise tax is also levied on any domestic or foreign corporation owning or using any part of its capital, plant, or other property in Louisiana. 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 \$300,001.

Proposed law retains present law but provides that the amount levied under present law shall be reduced by a cumulative 10% each year beginning Jan. 1, 2018, over the next 10 years until the amount levied is eliminated. Proposed law further provides that in taxable years beginning on or after Jan. 1, 2027, 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(A), (B), and (C)(2))