HLS 17RS-998 ORIGINAL

2017 Regular Session

HOUSE BILL NO. 361

BY REPRESENTATIVE IVEY

TAX/CORP FRANCHISE: Repeals the corporation franchise tax beginning January 1, 2018

1 AN ACT 2 To repeal Chapter 5 of Subtitle II of Title 47 of the Louisiana Revised Statues of 1950, 3 comprised of R.S. 47:601 through 618, to repeal provisions for the corporation 4 franchise tax; to provide for applicability; to provide for effectiveness. 5 Be it enacted by the Legislature of Louisiana: 6 Section 1. Chapter 5 of Subtitle II of Title 47 of the Louisiana Revised Statues of 7 1950, comprised of R.S. 47:601 through 618, is hereby repealed in its entirety. 8 Section 2. The provisions of this Act shall be applicable for all taxable years 9 beginning on and after January 1, 2018. 10 Section 3. This Act shall become effective on January 1, 2018.

## **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 361 Original

2017 Regular Session

Ivey

**Abstract:** Repeals the corporation franchise tax for taxable periods beginning on and after Jan. 1, 2018.

<u>Present law</u> (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. The corporation franchise tax is also levied on any domestic or foreign corporation owning or using any part of its capital, plant, or other property in La.

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.

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(2) \$3 per \$1,000 of taxable capital above \$300,001.

<u>Present law</u> levies the corporation franchise tax on a corporation when any of the following occurs:

- (1) An organization does business within this state in a corporate form.
- (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.

<u>Present law</u> provides for the determination of taxable capital for purposes of levying the corporation franchise tax as well as the tax treatment of capital stock, surplus and undivided profits, and the allocation of taxable capital. <u>Present law</u> further provides for the administration of the tax as well as the collection and payment of the tax.

Proposed law repeals present law.

Proposed law applies to all taxable periods beginning on or after Jan. 1, 2018.

Effective January 1, 2018.

(Repeals R.S. 47:601-618)