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## DIGEST

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HB 13 Reengrossed

2018 Second Extraordinary Session

Jackson

**Abstract:** Provides for the applicability of claiming reduced amounts of the various reductions in corporate income tax exclusions and deductions for taxable years beginning in calendar years 2015, 2016, and 2017.

Previous Act of the legislature (Act No. 123 of 2015 R.S.) temporarily reduced certain allowable exclusions and deductions from corporate income tax. Present law provides that those exclusions and deductions return to their former rates effective July 1, 2018.

Proposed law retains the present law reinstatement of the full amount of the following deductions and exclusions beginning July 1, 2018:

- (1) Exclusion of funds received by a corporation from a governmental entity to subsidize the operation and maintenance of a public transportation system; 72% exclusion sunsets on June 30, 2018, and 100% is reinstated beginning July 1, 2018. (R.S. 47:51)
- (2) Deduction of net operating loss of a corporation; 72% deduction is retained through June 30, 2023. (R.S. 47:246)
- (3) Exclusion of funds received from a governmental entity to subsidize the operation and maintenance of a public transportation system; 72% deduction sunsets on June 30, 2018, and 100% is reinstated beginning July 1, 2018. (R.S. 47:287.71)
- (4) Deduction of various corporate expenses that are not allowed as deductions by I.R.C. Section 280C; 72% deduction sunsets on June 30, 2018, and 100% is reinstated beginning July 1, 2018. (R.S. 47:287.73)
- (5) Deduction of net operating loss incurred in La.; 72% deduction sunsets on June 30, 2018, and 100% is reinstated beginning July 1, 2018. (R.S. 47:287.86)
- (6) Deduction of an amount equal to interest and dividend income included on the federal income tax return; 72% deduction sunsets on June 30, 2018, and 100% is reinstated beginning July 1, 2018. (R.S. 47:287.738)
- (7) Exemption from corporation income and franchise taxes for certain La. Community Development Institutions; a four-year exemption is retained through June 30, 2018, and 100% is reinstated beginning July 1, 2018. (R.S. 51:3092)

Proposed law clarifies that the reduced amounts of corporate deductions and exclusions in present law apply to an exclusion from taxable income and a claim for a deduction made on the return for each of the taxable years beginning during the calendar years of 2015, 2016, and 2017, regardless of the date the original or any amended return for the period is filed.

Proposed law further provides that if a return is filed on or after July 1, 2015, regardless of the taxable year to which the return relates, then any portion of an exclusion or deduction disallowed under the provisions of present law shall be prohibited from being claimed or allowed as an exclusion or deduction under the provisions of present law that become effective on July 1, 2018, on an amended return for the same taxable period filed on or after July 1, 2018.

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

(Amends §6 of Act No. 123 of 2015 R.S.)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Delete provisions making the reduction in the amount of the tax credit permanent.
2. Continue effectiveness of the reduction in the amount of certain corporate income tax deductions and exclusions through June 30, 2023.

The House Floor Amendments to the engrossed bill:

1. Delete provisions continuing the effectiveness of the reduction in the amount of certain corporate income tax deductions and exclusions through June 30, 2023.
2. Reinstate present law provisions relative to expiration of the decrease in the amount of certain corporate income tax deductions and exclusions on June 30, 2018.
3. Delete provisions increasing the depletion allowance for oil and gas wells, coal mines, metal mines, and sulphur mines and the applicability provisions relative to the increases.
4. Add applicability provisions relative to the claiming of the reduced amounts of corporate deductions and exclusions in tax years 2015, 2016, and 2017.