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## DIGEST

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HB 31 Original

2019 Regular Session

DeVillier

**Abstract:** Provides for the phasing out of the corporation franchise tax over a 5-year period beginning in tax year 2020.

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 20% each year beginning Jan. 1, 2020, over the next five years until the amount levied is eliminated. Proposed law further provides that in taxable years beginning on or after Jan. 1, 2024, no corporation franchise tax shall be assessed or paid.

Present law requires every corporation or other entity subject to the franchise tax to pay only an initial tax of \$110 in the first accounting period in which it becomes subject to the tax.

Proposed law retains present law but clarifies that no initial tax shall be levied or collected by the state nor paid by domestic or foreign corporations for taxable years beginning on and after Jan. 1, 2024.

Proposed law applies to all corporate franchise tax periods beginning on and after Jan. 1, 2020.

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

(Amends R.S. 47:601(A), (B), and (C)(2); Adds R.S. 47:611(C))