

2019 Regular Session

SENATE BILL NO. 125

BY SENATOR WARD

TAX/FRANCHISE/CORPORATE. Provides for a single rate of corporation franchise tax.  
(gov sig)

1 AN ACT

2 To amend and reenact the introductory paragraph of R.S. 47:601(A), relative to the rates and  
3 brackets of the corporation franchise tax; to eliminate the tax on the first three  
4 hundred thousand dollars of taxable capital; to provide for effectiveness; and to  
5 provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. The introductory paragraph of R.S. 47:601(A) is hereby amended and  
8 reenacted to read as follows:

9 §601. Imposition of tax

10 A. Every domestic corporation and every foreign corporation, exercising its  
11 charter, or qualified to do business or actually doing business in this state, or owning  
12 or using any part or all of its capital, plant, or any other property in this state, subject  
13 to compliance with all other provisions of law, except as otherwise provided for in  
14 this Chapter shall pay an annual tax at the rate of ~~one dollar and fifty cents for each~~  
15 ~~one thousand dollars, or major fraction thereof on the first three hundred thousand~~  
16 ~~dollars of taxable capital and at the rate of three dollars for each one thousand~~  
17 ~~dollars, or major fraction thereof, which~~ **that** exceeds three hundred thousand dollars

1 of taxable capital. Taxable capital shall be determined as ~~hereinafter~~ provided in this

2 Chapter. The tax levied herein is due and payable on any one or all of the following

3 alternative incidents:

4 \* \* \*

5 Section 2. The provisions of this Act shall be applicable to all taxable periods  
6 beginning on or after January 1, 2021.

7 Section 3. This Act shall become effective upon signature by the governor or, if not  
8 signed by the governor, upon expiration of the time for bills to become law without signature  
9 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
10 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
11 effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Leonore Heavey.

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DIGEST

SB 125 Engrossed

2019 Regular Session

Ward

Present law levies the corporation franchise tax on domestic and foreign corporations exercising their charter, qualified to do business, or actually doing business in the state. 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 Louisiana.

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) \$3.00 per \$1,000 of taxable capital above \$300,000.

Proposed law eliminates the first bracket of the tax for all taxpayers.

Proposed law provides that no tax will be due on the first \$300,000 of taxable capital for all taxpayers.

Proposed law retains present law tax rate of \$3 per \$1,000 of taxable capital above \$300,000.

Effective for all taxable periods beginning on or after Jan. 1, 2021.

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

(Amends R.S. 47:601(A)(intro para))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Changes first applicable taxable period from Jan. 1, 2020 to Jan. 1, 2021.
2. Makes technical changes.