
DIGEST

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HB 647 Original

2017 Regular Session

Havard

Abstract: Levies the La. Petroleum Refinery Business Tax on the adjusted tax base of taxpayers engaged in the petroleum refinery business.

Present law imposes an income tax and a franchise tax on the capital assets of corporations and other business entities and provides for the levy, collection, computation, administration, and enforcement of the tax.

Proposed law exempts petroleum refinery business entities liable for the tax in proposed law from the tax in present law.

Proposed law levies the La. Petroleum Refinery Business Tax. The tax is levied at the rate of 2% on the adjusted tax base of taxpayers with a business income of more than \$500K. The tax is in lieu of La. individual income and corporation income and franchise tax.

Proposed law defines "business income" to mean federal taxable income. Further provides that business income shall not include any loss carryforwards or carrybacks from other tax periods.

Proposed law defines "adjusted tax base" as business income plus depreciation, dividends, interest, royalties, compensation, and taxes.

Proposed law allows the cost of goods sold to be deducted from the tax base to the extent it was not included in calculation of the federal taxable income.

Proposed law apportions income to Louisiana using the following calculation:

$$\frac{\text{Property} + \text{Payroll} + \text{Sales}}{3}$$

Therefore, equal weight is given to three factors:

Property factor: $\frac{\text{value of property in Louisiana}}{\text{value of all property}}$

Payroll factor: $\frac{\text{total wages paid in state}}{\text{total wages paid everywhere}}$

Sales factor:
$$\frac{\text{total sales in state}}{\text{total sales everywhere}}$$

Proposed law provides an alternative apportionment method for oil and gas transportation services.

Proposed law allows the secretary to authorize an alternate method of apportionment if the taxpayer is able to demonstrate that the apportionment provisions in proposed law do not fairly represent the extent of the taxpayer's business activity in this state.

Proposed law requires quarterly payment of an entity's estimated tax, with a final tax return due on the day after the last day of the taxpayer's taxable year.

Proposed law authorizes the secretary to require combined reporting and the filing of consolidated or combined returns by related parties.

Effective Jan. 1, 2018.

(Adds R.S. 47:10001-10014)