

2017 Regular Session

SENATE BILL NO. 113

BY SENATOR BARROW

TAX EXEMPTIONS. Provides relative to entities that are exempt from the corporation franchise tax. (1/1/18)

1 AN ACT

2 To amend and reenact R.S. 47:601(C)(1)(c), relative to the corporation franchise tax; to  
3 provide for exemptions from franchise tax; to provide for an effective date; and to  
4 provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:601(C)(1)(c) is hereby amended and reenacted to read as follows:

7 §601. Imposition of tax

8 \* \* \*

9 C.(1) As used herein the term "domestic corporation" shall mean and include  
10 any of the following:

11 \* \* \*

12 (c) Nothing in this Subsection shall extend franchise tax liability to any **of the**  
13 **following:**

14 **(i) A** limited liability company qualified and eligible to make an election to  
15 be taxed in accordance with the provisions of 26 U.S.C. Subtitle A, Chapter 1,  
16 Subchapter S on the first day of its fiscal or annual year or to any other entity that  
17 was acquired before January 1, 2014, but not earlier than January 1, 2012, by an

1 entity that was taxed pursuant to 26 U.S.C., Subtitle A, Chapter 1, Subchapter S.

2 **(ii) A limited liability company that files as a Real Estate Investment**  
 3 **Trust for federal income tax purposes and has one hundred percent of its**  
 4 **common shares owned by a tax-exempt organization. This provision is limited**  
 5 **to limited liability companies that meet the forgoing requirements as of July 1,**  
 6 **2017.**

7 \* \* \*

8 Section 2. This Act shall become effective on January 1, 2018.

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The original instrument was prepared by Leonore F. Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by Benjamin A. Huxen, II.

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#### DIGEST

SB 113 Reengrossed

2017 Regular Session

Barrow

Present law establishes the corporation franchise tax. The tax is levied on every domestic and foreign corporation exercising its charter, qualified to do business, or actually doing business in La. For purposes of the corporation franchise tax, limited liability companies are treated and taxed in the same manner that they are treated and taxed for federal income tax purposes.

Present law provides an exemption from the tax for certain limited liability companies.

Proposed law retains present law and adds limited liability companies that file as a Real Estate Investment Trust for federal income tax purposes and has one hundred percent of its common shares owned by a tax-exempt organization to the limited liability companies that are exempt from the franchise tax. Proposed law is limited to limited liability companies that meet the forgoing requirements as of July 1, 2017.

Effective January 1, 2018.

(Amends R.S. 47:601(C)(1)(c))

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Limits the exemption to limited liability companies that meet the requirements as of July 1, 2017.