

2018 First Extraordinary Session

HOUSE BILL NO. 30

BY REPRESENTATIVE JACKSON

TAX/CORP INCOME: Excludes certain dividend income from the calculation of gross income as determined under federal law for purposes of calculating state corporation income tax (Item #4)

1 AN ACT

2 To amend and reenact R.S. 47:287.71(B)(6)(b)(ii)(introductory paragraph) and to enact R.S.  
3 47:287.71(B)(6)(b)(ii)(cc), relative to corporate income tax; to provide for  
4 modifications to gross income; to authorize the exclusion of certain gross income  
5 determined under federal law from the calculation of state corporate income tax; to  
6 provide for certain definitions; to provide for applicability; to provide for an  
7 effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:287.71(B)(6)(b)(ii)(introductory paragraph) is hereby amended  
10 and reenacted and R.S. 47:287.71(B)(6)(b)(ii)(cc) is hereby enacted to read as follows:

11 §287.71. Modifications to federal gross income

12 \* \* \*

13 B. There shall be subtracted from gross income determined under federal  
14 law, unless already excluded therefrom, the following items:

15 \* \* \*

16 (6)

17 \* \* \*

1 (b) Amounts received as dividend income by any member of a regulated  
2 group of entities. For purposes of this Subparagraph, the following terms shall have  
3 the meanings ascribed to them:

4 \* \* \*

5 (ii) "Regulated group of entities" shall mean a group comprised of a parent  
6 entity and any other legal entities in which the parent entity directly or indirectly  
7 owns at least fifty percent of either the vote or the value of the stock, membership  
8 interest, partnership interest, or other ownership interest and in which ~~either one~~ any  
9 of the following applies:

10 \* \* \*

11 (cc) One or more of the members of the group is regulated by the Louisiana  
12 Public Service Commission as a pipeline carrier and at least one of the non-pipeline  
13 carrier members of the group not regulated by the Louisiana Public Service  
14 Commission has at any time been party to a contract entered into under the authority  
15 of Article 7, Section 21(F) of the Louisiana Constitution.

16 \* \* \*

17 Section 2. The provisions of this Act shall be applicable to all taxable periods  
18 beginning on and after January 1, 2017.

19 Section 3. This Act shall become effective on July 1, 2018.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 30 Original                      2018 First Extraordinary Session                      Jackson

**Abstract:** Defines "regulated group of entities" for purposes of excluding dividend income in the determination of gross income for purposes of calculating state corporate income tax.

Present law excludes amounts received as dividend income by any member of a regulated group of entities from the calculation of gross income as determined under federal law.

Present law defines "regulated group of entities" as a group comprised of a parent entity and any other legal entities in which the parent entity directly or indirectly owns at least 50% of either the vote or the value of the stock, membership interest, partnership interest, or other ownership interest and in which either one of the following applies:

- (1) One or more of the members of the group is regulated by the La. Public Service Commission (LPSC) as a telecommunications service provider and at least one of the members of the group has at any time been party to a contract entered into under the authority of present law.
- (2) One or more of the members of the group is regulated by the LPSC as an electric utility.

Proposed law retains present law but adds a qualifying condition for a "regulated business entity" to be eligible to exclude dividend income for purposes of determining gross income that one or more of the members of the group is regulated by the LPSC as a pipeline carrier and at least one of the non-pipeline carrier members of the group not regulated by the LPSC has at any time been party to a contract entered into under the authority of the present constitution.

Applicable to all taxable periods beginning on and after Jan. 1, 2017.

Effective July 1, 2018.

(Amends R.S. 47:287.71(B)(6)(b)(ii)(intro. para.); Adds R.S. 47:287.71(B)(6)(b)(ii)(cc))