2021 Regular Session

HOUSE BILL NO. 448

### BY REPRESENTATIVE ROBBY CARTER

# TAX/INCOME TAX: Repeals state taxes levied on the taxable income of individuals and corporations and repeals tax credits, exemptions, deductions, and exclusions

1	AN ACT
2	To amend and reenact R.S. 47:6005(C)(1), 6006(A) and (B)(1)(introductory paragraph) and
3	(2), 6006.1(A) and (B), 6008(A), 6013(A), 6014(A), (B), and (C), 6015(B)(1) and
4	(2) and (D)(1) and (2)(introductory paragraph), 6017(A), 6018(B) and (D),
5	6019(A)(1)(a) and (3)(a) and (b)(ii), 6020(D)(2)(a) and (b) and (3), 6032(A) and (D),
6	6105(A), 6107(A) and (B), 6108, and R.S. 51:1787(A)(1)(c), (B)(4)(a)(introductory
7	paragraph), (I), and (K)(1) and to repeal Chapter 26 of Title 25 of the Louisiana
8	Revised Statutes of 1950, comprised of R.S. 25:1221 through 1226.6, Chapter 1 of
9	Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S.
10	47:21 through 300.11, Chapter 5 of Subtitle V of Title 47 of the Louisiana Revised
11	Statutes of 1950, comprised of R.S. 47:4331, R.S. 47:6007, 6012, 6016, 6021, 6023,
12	6025, 6030, 6034 through 6037, 6104, 6106, and Chapter 3 of Subtitle VII of Title
13	47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:6301, and R.S.
14	51:1787(A)(1)(b), (2), and (3) and (G), 1807(A)(1) and (C), Chapter 26 of Title 51
15	of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1921 through 1935,
16	Part VI of Chapter 39 of Title 51 of the Louisiana Revised Statutes of 1950,
17	comprised of R.S. 51:2351 through 2356, and Chapter 39-C of Title 51 of the
18	Louisiana Revised Statutes of 1950, comprised of 2399.1 through 2399.6, relative
19	to state income taxes; to repeal the state tax levied on the taxable income of
20	individuals and estates and trusts; to repeal the state tax levied on the taxable income

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1	of corporations; to repeal income tax credits, exemptions, deductions, and
2	exclusions; to limit the applicability of certain income tax credits; to provide for an
3	effective date; and to provide for related matters.
4	Be it enacted by the Legislature of Louisiana:
5	Section 1. R.S. 47:6005(C)(1), 6006(A) and (B)(1)(introductory paragraph) and (2),
6	6006.1(A) and (B), 6008(A), 6013(A), 6014(A), (B), and (C), 6015(B)(1) and (2) and (D)(1)
7	and (2)(introductory paragraph), 6017(A), 6018(B) and (D), 6019(A)(1)(a) and (3)(a) and
8	(b)(ii), 6020(D)(2)(a) and (b) and (3), 6032(A) and (D), 6105(A), 6107(A) and (B), and 6108
9	are hereby amended and reenacted to read as follows:
10	§6005. Qualified new recycling manufacturing or process equipment and service
11	contracts
12	* * *
13	C.(1) A taxpayer who purchases qualified new recycling manufacturing or
14	process equipment or qualified service contracts, or both, as defined in this Section
15	and certified by the secretary of the Department of Environmental Quality to be used
16	or performed exclusively in this state shall be entitled to a credit against any income
17	and corporation franchise taxes imposed by the state in an amount equal to fourteen
18	percent of the cost of the new recycling manufacturing or process equipment or
19	qualified service contract, or both, less the amount of any other tax credits received
20	for the purchase of such equipment or contract, or both.
21	* * *
22	§6006. Tax credits for local inventory taxes paid
23	A.(1) There shall be allowed a credit against any Louisiana income or
24	corporation franchise tax for ad valorem taxes paid to political subdivisions on
25	inventory held by manufacturers, distributors, and retailers.
26	(2) There shall be allowed a credit against any Louisiana income or
27	corporation franchise tax for ad valorem taxes paid to political subdivisions on
28	natural gas held, used, or consumed in providing natural gas storage services or
29	operating natural gas storage facilities.

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1	B.(1) Credit for taxes paid by corporations shall be applied to state corporate
2	income and corporation franchise taxes. Credit for taxes paid by unincorporated
3	persons shall be applied to state personal income taxes. The secretary shall make a
4	refund to the taxpayer in the amount to which he is entitled from the current
5	collections of the taxes collected pursuant to Chapters 1 and Chapter 5 of Subtitle II
6	of this Title. If the amount of the credit authorized pursuant to Subsection A of this
7	Section exceeds the amount of tax liability for the tax year, the following amounts
8	of the excess credit shall either be refundable or may be carried forward as a credit
9	against subsequent Louisiana income or corporation franchise tax liability for a
10	period not to exceed ten years, as follows:
11	* * *
12	(2) Each taxpayer allowed a credit under this Section shall claim the credit
13	on its separately filed income or corporate franchise tax return; however, for
14	purposes of the application of the limitations on refundability of excess credit
15	provided for in Subparagraphs (1)(a) through (c) of this Subsection, all taxpayers
16	included in one consolidated federal income tax return filed under the Internal
17	Revenue Code shall be treated as a single taxpayer.
18	* * *
19	§6006.1. Tax credits for taxes paid with respect to vessels in Outer Continental
20	Shelf Lands Act Waters
21	A. There shall be allowed a credit against any Louisiana income or
22	corporation franchise tax for ad valorem taxes paid to political subdivisions on
23	vessels in Outer Continental Shelf Lands Act Waters as certified to the assessor
24	pursuant to R.S. 47:1956(B) within the calendar year immediately preceding the
25	taxable year of assessment of such vessel. For purposes of this Section, ad valorem
26	taxes shall be deemed to be paid to political subdivisions when they are paid either
27	in money or by applying credits established pursuant to R.S. 47:2132.

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B. Notwithstanding anything to the contrary in either Chapter 1 or Chapter
5 of Subtitle II of this Title, as amended, the following rules shall apply with respect
to the application of the credit established in Subsection A of this Section:

4 (1) The credit for taxes paid by or on behalf of a corporation shall be applied 5 against Louisiana corporate income and corporation franchise taxes of such the 6 corporation. However, any such credit allowable to any member of an affiliated 7 group of corporations, as defined in Section 1504 of the Internal Revenue Code of 8 1954, as amended, shall be applied against Louisiana corporate income and 9 corporation franchise taxes of such the member and any other member of such the 10 affiliated group of corporations until the entire amount of the credit has been applied 11 against such Louisiana corporate income taxes or corporation franchise taxes.

12 (2) The credit for taxes paid by an individual shall be applied against
 13 Louisiana personal income taxes.

14 (3) The credit for taxes paid by or on behalf of a corporation classified under
15 Subchapter S of the Internal Revenue Code of 1954, as amended, as an S corporation
16 shall be applied first against any Louisiana corporate income and corporation
17 franchise taxes due by such the S corporation, and the remainder of any such credit
18 shall be allocated to the shareholder or shareholders of such the S corporation in
19 accordance with their respective interests and applied against the Louisiana income
20 tax of such shareholder or shareholders of the S corporation.

21 (4)(3) The credit for taxes paid by or on behalf of a partnership shall be
 22 allocated to the partners according to their distributive shares of partnership gross
 23 income and applied against any Louisiana income tax and corporation franchise tax
 24 liability of such the partners.

25 (5)(4) The character of the credit for taxes paid by or on behalf of a
 26 partnership or S corporation and allocated to the partners or shareholders,
 27 respectively, of such the partnership or S corporation, shall be determined as if such
 28 the credit were incurred by such the partners or shareholders, as the case may be in
 29 the same manner as incurred by the partnership or S corporation., as the case may be.

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1	(6) The credit for taxes paid by an estate or trust shall be applied against the
2	Louisiana income tax imposed on estates and trusts.
3	* * *
4	§6008. Tax credits for donations made to assist playgrounds in economically
5	depressed areas
6	A. There shall be allowed a credit against any Louisiana income or
7	corporation franchise tax for qualified donations made to qualified playgrounds. The
8	credit shall be an amount equal to the lesser of seven hundred twenty dollars or
9	thirty-six one hundredths of the value of the cash, equipment, goods, or services
10	donated. Any such credit shall be taken as a credit against the applicable tax or taxes
11	only in the taxable period in which the donation is made. The total amount of the
12	credits taken by any taxpayer during any taxable year shall not exceed one thousand
13	dollars.
14	* * *
15	§6013. Tax credits for donations made to public schools
16	A. There shall be allowed a credit against the corporate income tax and the
17	corporation franchise tax for qualified donations made to a public school. The credit
18	shall be an amount equal to twenty-eight percent of the appraised value of the
19	qualified donation. Any such credit shall be taken as a credit against the corporate
20	income or corporation franchise tax for the taxable year in which the donation is
21	made. The total of all such credits taken in a taxable year shall not exceed the total
22	tax liability for that taxable year.
23	* * *
24	§6014. Credit for property taxes paid by certain telephone companies; fund
25	A. Pursuant to the provisions of this Section, there shall be allowed a credit
26	against Louisiana corporation or individual income taxes and Louisiana corporation
27	franchise tax for, and in an amount equal to, forty percent of the aggregate ad
28	valorem taxes paid to political subdivisions of this state after December 31, 2000, by
29	a telephone company, as defined in R.S. 47:1851(Q), with respect to such the

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telephone company's public service properties, as defined in R.S. 47:1851(M), which
 are assessed by the Louisiana Tax Commission at twenty-five percent of fair market
 value pursuant to R.S. 47:1854.

B. The credit allowed under this Section shall be applied against any
Louisiana income or corporation franchise tax shown on a return filed by a person
as defined in R.S. 47:2, entitled to such the credit as determined under Subsection
C of this Section for income or franchise tax years ending on or after December 31,
2001.

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C. Notwithstanding any provision of law to the contrary, the following provisions shall apply with respect to the application of the credit established in Subsection A of this Section:

12 (1) The credit for ad valorem taxes paid by or on behalf of a corporation 13 shall be applied against Louisiana corporation income and corporation franchise 14 taxes of such the corporation. However, any such credit allowable to any member 15 of an affiliated group of corporations, as defined in Section 1504 of the Internal 16 Revenue Code of 1986, as amended, shall be applied against Louisiana corporation 17 income and corporation franchise taxes of such the member and any other member 18 of such the affiliated group of corporations until the entire amount of the credit has 19 been applied against such Louisiana corporation income taxes or corporation 20 franchise taxes.

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22

(2) The credit for taxes paid by an individual shall be applied against the Louisiana individual income tax.

(3) The credit for taxes paid by or on behalf of a corporation classified under
 Subchapter S of the Internal Revenue Code of 1986, as amended, as an S corporation
 shall be applied first against any Louisiana corporation income and corporation
 franchise taxes due by such the S corporation, and the remainder of any such credit
 shall be allocated to the shareholder or shareholders of such the S corporation in
 accordance with their respective interests and applied against the Louisiana income
 tax of such shareholder or shareholders of the S corporation.

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1	(4)(3) The credit for taxes paid by or on behalf of a partnership shall be
2	allocated to the partners according to their distributive shares of partnership gross
3	income and applied against <del>any Louisiana income tax and</del> the corporation franchise
4	tax liability of such the partners.

5 (5)(4) The credit for taxes paid by or on behalf of a limited liability company 6 shall be allocated to the members according to their distributive shares of such the 7 limited liability company's gross income and applied against any Louisiana income 8 tax and the corporation franchise tax liability of such the members; however, the 9 credit for taxes paid by or on behalf of a limited liability company treated as a 10 corporation for Louisiana income tax purposes may be applied against the Louisiana 11 corporation income taxes of such limited liability company.

12 (6)(5) The character of the credit for taxes paid by or on behalf of a 13 partnership, S corporation, or limited liability company not treated as a corporation 14 for Louisiana income tax purposes and allocated to the partners, shareholders, or 15 members, respectively, of such the partnership, S corporation, or limited liability 16 company, shall be determined as if such the credit were incurred by such the 17 partners, shareholders, or members, in the same manner as incurred by such the 18 partnership, S corporation, or limited liability company.

19 (7) The credit for taxes paid by an estate or trust shall be applied against the
 20 Louisiana income tax imposed on estates and trusts.

21 \* \*

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22 §6015. Research and development tax credit

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B.(1) Any taxpayer who employs fifty or more persons and claims for the
taxable year a federal income tax credit under 26 U.S.C. 41(a) for increasing research
activities shall be allowed a tax credit to be applied against income and corporation
franchise taxes due in the manner provided for in Subsection K of this Section.

(2) Any taxpayer who employs less than fifty persons and claims for the
taxable year a federal income tax credit under 26 U.S.C. 41(a) for the taxable year,

1	or meets the requirements of Subparagraph (3)(i) of this Subsection, shall be allowed
2	a tax credit to be applied against income and corporation franchise taxes due in the
3	manner provided for in Subsection K of this Section.
4	* * *
5	D.(1) A taxpayer who receives a Phase I or II grant from the federal Small
6	Business Technology Transfer Program or a federal Small Business Innovation
7	Research Grant as created by the Small Business Innovation Development Act of
8	1982 (P.L. 97-219), reauthorized by the Small Business Research and Development
9	
	Enhancement Act (P.L. 102-564), and reauthorized again by the Small Business
10	Reauthorization Act of 2000 (P.L. 106-554) shall be allowed a corporation franchise
11	tax credit in an amount equal to thirty percent of the award received during the tax
12	year.
13	(2) In addition to the credit utilization allowed by Paragraph (C)(3) of this
14	Section, research and development tax credits for tax years 2018 and later that are
15	based on participation in the Small Business Technology Transfer Program or the
16	Small Business Innovation Research Grant program and that were not previously
17	claimed by any taxpayer against his income or corporation franchise tax may be
18	transferred or sold to another Louisiana taxpayer, subject to the following conditions:
19	* * *
20	§6017. Tax credits for certain expenses paid by economic development corporations
21	A. There shall be allowed a credit against any Louisiana income or
22	corporation franchise taxes for the filing fee paid to the Louisiana State Bond
23	Commission that is incurred by an economic development corporation in the
24	preparation and issuance of bonds, as provided for in Chapter 27 of Title 33 of the
25	Louisiana Revised Statutes of 1950. The credit shall be an amount equal to seventy-
26	two percent of the amount of the filing fee paid to the Louisiana State Bond
27	Commission that is incurred by the corporation in the preparation and issuance of the
28	bonds.
29	* * *

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1	§6018. Tax credits for purchasers from "PIE contractors"
2	* * *
3	B. There shall be allowed a credit in each tax year beginning on and after
4	January 1, 2007, against the Louisiana income tax and the Louisiana corporate
5	franchise tax for any individual or business which purchases specialty apparel items
6	including, but not limited to industrial clothes, uniforms, and scrubs, from a
7	contractor in a certified Private Sector/Prison Industry Enhancement Program which
8	employs inmates of Louisiana correctional institutions to manufacture such the
9	apparel.
10	* * *
11	D. Notwithstanding anything to the contrary in either Chapter 1 or Chapter
12	5 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, as amended,
13	the following rules shall apply with respect to the application of the credit provided
14	for in this Section:
15	(1) All entities taxed as corporations for Louisiana income tax purposes shall
16	claim any credit allowed under this Section on their corporation income tax return.
17	(2) Individuals shall claim any credit allowed under this Section on their
18	individual income tax return.
19	(3) Entities entities not taxed as corporations shall claim any credit allowed
20	under this Section on the returns of the partners or members. as follows:
21	(a) Corporate partners or members shall claim their share of the credit on
22	their corporation income franchise tax returns.
23	(b) Individual partners or members shall claim their share of the credit on
24	their individual income tax returns.
25	(c) Partners or members that are estates or trusts shall claim their share of the
26	credit on their fiduciary income tax returns.
27	* * *

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#### §6019. Tax credit; rehabilitation of historic structures

2 A.(1)(a) There shall be a credit against income and corporation franchise tax 3 for the amount of eligible costs and expenses incurred during the rehabilitation of a 4 historic structure located in a downtown development or a cultural district. The amount of the credit shall equal twenty-five percent of the eligible costs and 5 6 expenses of the rehabilitation incurred prior to January 1, 2018, regardless of the year in which the property is placed in service. The amount of the credit shall equal 7 8 twenty percent of the eligible costs and expenses of the rehabilitation incurred on or 9 after January 1, 2018, and before January 1, 2026, regardless of the year in which 10 the property is placed in service. No credit is authorized pursuant to this Section for 11 expenses incurred on or after January 1, 2026.

12 \*

(3)(a) The credit shall be allowed against the income tax for the taxable period in which the credit is earned and against the franchise tax for the taxable period following the taxable period in which the credit is earned. If the tax credit allowed pursuant to this Section exceeds the amount of such taxes due, any unused credit may be carried forward as a credit against subsequent tax liability for a period not to exceed five years. This credit may be used in addition to the twenty percent federal tax credit for such the same purposes.

20 (b)
21 \* \* \* \*
22 (ii)(aa) All entities taxed as corporations for Louisiana income or corporation
23 franchise tax purposes shall claim any credit allowed under this Section on their
24 corporation income and corporation franchise tax return.
25 (bb) Individuals shall claim any credit allowed under this Section on their
26 individual income tax return.

27 (cc) Estates or trusts shall claim any credit allowed under this Section on
 28 their fiduciary income tax returns.

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1	(dd) Entities not taxed as corporations shall claim any credit allowed under
2	this Section on the returns of the partners or members as follows:
3	(H) (bb) Corporate partners or members shall claim their share of the credit
4	on their <del>corporation income or</del> corporation franchise tax returns.
5	(II) Individual partners or members shall claim their share of the credit on
6	their individual income tax returns.
7	(III) Partners or members that are estates or trusts shall claim their share of
8	the credit on their fiduciary income tax returns.
9	* * *
10	§6020. Angel Investor Tax Credit Program
11	* * *
12	D.
13	* * *
14	(2)(a) An investor may apply for and, if qualified, be granted a credit on <del>any</del>
15	income or corporation franchise tax liability owed to the state by the taxpayer
16	seeking to claim the credit in the amount approved by the secretary of the
17	department. The amount of the tax credit shall be based upon the amount of money
18	invested by the investor in the Louisiana Entrepreneurial Business, which investment
19	shall not exceed seven hundred twenty thousand dollars per year per business and
20	one million four hundred forty thousand dollars total per business. Except as
21	otherwise provided in Subparagraph (b) of this Paragraph, the credit shall be allowed
22	against the income tax for the taxable period in which the credit is earned and the
23	franchise tax for the taxable period following the period in which the credit is earned.
24	The credits approved by the department shall be granted at the rate of twenty-five
25	percent of the amount of the investment with the credit divided in equal portions for
26	two years.
27	(b) After certifying the eligibility of the Louisiana Entrepreneurial Business
28	and the amount of the investment, the secretary of the department shall issue a tax
29	credit certificate, a copy of which is to be attached to the tax return of the angel

30 investor. The tax credit available in the first year shall become deductible from tax

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1	liability in the taxpayer's income tax year which occurs twenty-four months from the
2	date the department certifies the amount of the investment.
3	* * *
4	(3)(a) All entities taxed as corporations for Louisiana income or corporation
5	franchise tax purposes shall claim any credit allowed under this Section on their
6	corporation income and corporation franchise tax return.
7	(b) Individuals shall claim any credit allowed under this Section on their
8	individual income tax return.
9	(c) Estates or trusts shall claim any credit allowed under this Section on their
10	fiduciary income tax returns.
11	(d) Entities not taxed as corporations shall claim any credit allowed under
12	this Section on the returns of the partners or members as follows:
13	(i)(b) Corporate partners or members shall claim their share of the credit on
14	their <del>corporation income or</del> corporation franchise tax returns.
15	(ii) Individual partners or members shall claim their share of the credit on
16	their individual income tax returns.
17	(iii) Partners or members that are estates or trusts shall claim their share of
18	the credit on their fiduciary income tax returns.
19	* * *
20	§6032. Tax credit for certain milk producers
21	A. A resident taxpayer engaged in the business of producing milk for sale
22	shall be allowed a refundable tax credit based on the amount of milk produced and
23	sold. The credit may be claimed against any Louisiana income tax and the
24	corporation franchise tax. The credit shall be allowed when the USDA Uniform
25	Price in Federal Order Number 7 drops below the announced production price any
26	time during the calendar year.
27	* * *

1	D. The credit provided by this Section	on shall be earned on the last day of each
2	calendar year and may be claimed against t	the income tax for the taxable year that
3	includes the day on which the credit is ear	ned or for the succeeding franchise tax
4	year. The credit shall be prorated on a quar	terly basis.
5	* *	*
6	§6105. Child care provider tax credit	
7	A. There shall be a credit against a	any Louisiana individual or corporation
8	income tax or corporation franchise tax for	or a child care provider refundable as
9	provided for in R.S. 47:6108. The tax cre	dit shall be an amount based upon the
10	average monthly number of children who	o either participate in the Child Care
11	Assistance Program administered by the offi	ice of children and family services in the
12	Department of Children and Family Serve	ices or who are foster children in the
13	custody of the Department of Children and	Family Services, and who are attending
14	a child care facility or facilities operated by	the child care provider, multiplied by an
15	amount which shall be based upon the qu	ality rating of each child care facility
16	operated by the child care provider as follow	ws:
17	Quality Rating of Child Care Facility	Tax Credit Per Eligible Child Attending
18	Five star	\$1,500
19	Four star	\$1,250
20	Three star	\$1,000
21	Two star	\$ 750
22	One star or nonparticipating facility	0
23	* *	*
24	§6107. Business-supported child care	
25	A.(1) There shall be a refundable cr	edit against <del>any Louisiana individual or</del>
26	corporation income tax or corporation france	chise tax for the eligible business child
27	care expenses supported by a business. The	credit shall be the following percentages
28	of such eligible business child care expenses	depending upon the quality rating of the

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1	child care facility to which the expenses are related or the quality rating of the child
2	care facility the child attends:
3	Quality Rating of Child Care Facility Percentage of eligible business
4	child care expenses
5	Five star 20%
6	Four star 15%
7	Three star 10%
8	Two star 5%
9	One star or nonparticipating facility 0
10	(2) There shall be an additional refundable credit against any Louisiana
11	individual or corporation income tax or corporation franchise tax for the payment by
12	a business of fees and grants to child care resource and referral agencies not to
13	exceed five thousand dollars per tax year.
14	B. The credits provided for in this Section shall be allowed against income
15	tax or corporate franchise tax for the taxable period in which the credit is earned. If
16	the tax credit exceeds the amount of such taxes due, then the unused credit shall be
17	refunded as provided for in R.S. 47:6108.
18	* * *
19	§6108. Refundable tax credits
20	A. Notwithstanding any other provision of law to the contrary, any excess
21	of allowable credit provided in R.S. 47:6105 <del>, 6106,</del> and 6107 and the refundable
22	portion of the credit as provided for in R.S. 47:6104 over the aggregate tax liabilities
23	against which such the credit may be applied, as provided in this Section, shall
24	constitute an overpayment, as defined in R.S. 47:1621(A), and the secretary shall
25	make a refund of such the overpayment from the current collections of the taxes
26	imposed by Chapter 1 or Chapter 5 of Subtitle II of this Title, together with interest
27	as provided in R.S. 47:1624. The right to a credit or refund of any such overpayment
28	shall not be subject to the requirements of R.S. 47:1621(B). All credits and refunds,
29	together with interest thereof, must be paid or disallowed within one year of receipt
30	by the secretary of any such claim for refund or credit. Failure of the secretary to
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1	pay or disallow, in whole or in part, any claim for a credit or a refund shall entitle the
2	aggrieved taxpayer to proceed with the remedies provided in R.S. 47:1625.
3	B. Notwithstanding anything to the contrary in either Chapter 1 or Chapter
4	5 of Subtitle II of this Title, as amended, the following rules shall apply with respect
5	to the application of the credit established in Subsection A of this Section:
6	(1) The credit for taxes paid by or on behalf of a corporation shall be applied
7	against Louisiana corporate income and corporation franchise taxes of such the
8	corporation.
9	(2) The credit for taxes paid by an individual shall be applied against
10	Louisiana personal income taxes.
11	(3) The credit for taxes paid by or on behalf of a corporation classified under
12	Subchapter S of the Internal Revenue Code of 1954, as amended, as an S corporation
13	shall be applied first against any Louisiana corporate income and corporation
14	franchise taxes due by such the S corporation, and the remainder of any such credit
15	shall be allocated to the shareholder or shareholders of such S corporation in
16	accordance with their respective interests and applied against the Louisiana income
17	tax of such shareholder or shareholders of the S corporation.
18	(4)(3) The credit for taxes paid by or on behalf of a partnership shall be
19	allocated to the partners according to their distributive shares of partnership gross
20	income and applied against any Louisiana income tax and corporation franchise tax
21	liability of such the partners.
22	(5)(4) The character of the credit for taxes paid by or on behalf of a
23	partnership or S corporation and allocated to the partners or shareholders,
24	respectively, of such the partnership or S corporation, shall be determined as if such
25	the credit were incurred by such the partners or shareholders, as the case may be in
26	the same manner as incurred by the partnership or S corporation, as the case may be.
27	(6) The credit for taxes paid by an estate or trust shall be applied against the
28	Louisiana income tax imposed on estates and trusts.

1	Section 2. R.S. 51:1787(A)(1)(c), (B)(4)(a)(introductory paragraph), (I), and (K)(1)		
2	are hereby amended and reenacted to read as follows:		
3	§1787. Enterprise zone incentives		
4	A. The board, after consultation with the secretaries of the Department of		
5	Economic Development and Department of Revenue, and with the approval of the		
6	governor, may enter into contracts not to exceed five years to provide:		
7	(1) For either:		
8	* * *		
9	(c)(i) For projects for which the advance notification is filed on or after April		
10	1, 2016, the amount of the rebate of sales and use taxes and the investment incom-		
11	tax credit granted pursuant to the provisions of this Paragraph shall not exceed one		
12	hundred thousand dollars per net new job created under this Chapter.		
13	(ii) A business shall not receive any sales and use tax rebate or refundable		
14	investment income tax credit until it has provided all documentation, including filing		
15	the annual certification report as required by rule, and has shown proof of the		
16	creation of the net new jobs.		
17	(iii) For purposes of determining the maximum rebate or income tax credit		
18	allowed, each net new job shall only be counted once. The limitation provided for		
19	in this Subparagraph shall only apply to the sales and use tax rebates and refundable		
20	investment income tax credits granted to businesses participating in the Enterprise		
21	Zone Program.		
22	* * *		
23	B. The board may enter into the contracts provided in Subsection A of this		
24	Section provided that:		
25	* * *		
26	(4)(a) The business makes its request for rebate of sales and use tax or the		
27	tax credit either:		
28	* * *		
29	I. If the collecting agencies receive notice that the rebate or credit, or any		
30	part thereof, has ceased by reason of a violation of the terms of the contract under		

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1	which it was granted, then the amount of the credit for the year in which the violation
2	occurred and for each year thereafter in which the violation is not remedied shall be
3	considered a tax due as of December thirty-first of the year in which the violation
4	occurred, and for each year thereafter in which a credit is used and the violation is
5	not remedied, and it shall be collected by the collecting agencies in the same manner
6	and subject to the same provisions for the collection of other tax debts.
7	* * *
8	K.(1) In addition to the incentives incentive provided for in Subsection A of
9	this Section, an essential critical infrastructure worker shall be eligible for a one-time
10	hazard pay rebate based upon the worker's adjusted gross income.
11	* * *
12	Section 3. Chapter 26 of Title 25 of the Louisiana Revised Statutes of 1950,
13	comprised of R.S. 25:1221 through 1226.6, Chapter 1 of Subtitle II of Title 47 of the
14	Louisiana Revised Statutes of 1950, comprised of R.S. 47:21 through 300.11, Chapter 5 of
15	Subtitle V of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:4331,
16	R.S. 47:6007, 6012, 6016, 6021, 6023, 6025, 6030, 6034 through 6037, 6104, 6106, and
17	Chapter 3 of Subtitle VII of Title 47 of the Louisiana Revised Statutes of 1950, comprised
18	of R.S. 47:6301, and R.S. 51:1787(A)(1)(b), (2) and (3) and (G), 1807(A)(1) and (C),
19	Chapter 26 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1921
20	through 1935, Part VI of Chapter 39 of the Louisiana Revised Statutes of 1950, comprised
21	of R.S. 51:2351 through 2356, and Chapter 39-C of Title 51 of the Louisiana Revised
22	Statutes of 1950, comprised of 2399.1 through 2399.6 are hereby repealed in its entirety.
23	Section 4. This Act shall take effect and become operative on January 1, 2023, if the
24	proposed amendment of Article VII of the Constitution of Louisiana contained in the Act
25	which originated as House Bill No. 203 of this 2021 Regular Session of the Legislature is
26	adopted at a statewide election and becomes effective.

### 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)]

HB 448 Original	2021 Regular Session	Robby Carter
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Abstract: Repeals the state tax levied on the taxable income of individuals, estates and trusts, and corporations, repeals income tax exemptions, deductions, exclusions, and credits, and limits the applicability of certain tax credits to corporation franchise tax.

<u>Present law</u> provides for a tax to be assessed, levied, collected, and paid upon the taxable income of an individual at the following rates:

- (1) 2% on the first \$12,500 of net income.
- (2) 4% on the next \$37,500 of net income.
- (3) 6% on net income in excess of \$50,000.

<u>Present law</u> provides for a tax to be assessed, levied, collected, and paid on the La. taxable income of an estate or trust at the following rates:

- (1) 2% on the first \$10,000 of La. taxable income.
- (2) 4% on the next \$40,000 of La. taxable income.
- (3) 6% on La. taxable income in excess of \$50,000.

<u>Present law</u> requires that the tax to be assessed, levied, collected, and paid on the La. taxable income of every corporation is to be computed at the following rates:

- (1) 4% on the first \$25,000 of La. taxable income.
- (2) 5% on La. taxable income above \$25,000 but not in excess of \$50,000.
- (3) 6% on La. taxable income above \$50,000 but not in excess of \$100,000.
- (4) 7% on La. taxable income above \$100,000 but not in excess of \$200,000.
- (5) 8% on all La. taxable income in excess of \$200,000.

<u>Proposed law</u> repeals the state taxes levied on the net income of individuals, estates and trusts, and corporations.

<u>Present law</u> provides for various individual and corporation tax incentives in the form of deductions, exemptions, exclusions, and credits. Further provides that various credits apply against individual and corporation income and corporation franchise tax liability.

<u>Proposed law</u> repeals the deductions, exemptions, exclusions, and credits provided for in present law.

<u>Proposed law</u> limits the applicability of the following tax credits to corporation franchise tax liability:

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- (1) Credit for qualified new recycling manufacturing or process equipment and service contracts. (R.S. 47:6005(C)(1))
- (2) Credit for ad valorem taxes paid on inventory. (R.S. 47:6006(A) and (B)(1)(intro. para.) and (2))
- (3) Credit for ad valorem taxes paid for vessels on Outer Continental Shelf Act Waters. (R.S. 47:6006.1(A) and (B))
- (4) Credit for donations to assist playgrounds in economically depressed areas. (R.S. 47:6008(A))
- (5) Credit for donations of immovable property made to public schools. (R.S. 47:6013(A))
- (6) Credit for ad valorem taxes paid by telephone companies. (R.S. 47:6014(A), (B), and (C))
- (7) Credit for research and development expenses and grants awarded by the federal Small Business Technology Transfer Program or a Small Business Innovation Research Grant. (R.S. 47:6015(B)(1) and (2) and (D)(1) and (2)(intro. para.))
- (8) Credit for expenses paid by economic development corporations. (R.S. 47:6017(A))
- (9) Credit for purchases of specialty apparel items from businesses which utilize inmate labor. (R.S. 47:6018(B) and (D))
- (10) Credit for expenses associated with the rehabilitation of historic structures located in downtown development or cultural districts. (R.S. 47:6019(A)(1)(a) and (3)(b)(ii))
- (11) Credit issued pursuant to the Angel Investor Tax Credit Program. (R.S. 47:6020(D)(2)(a) and (b) and (3))
- (12) Credit for milk producers. (R.S. 47:6032(A) and (D))
- (13) Credit for School Readiness Program child care providers. (R.S. 47:6105(A))
- (14) Credit for School Readiness Program business-supported child care expenses.
   (R.S.47:6107(A)(1) and (2) and (B))

Effective Jan. 1, 2023, if the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. 203 of this 2021 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 47:6005(C)(1), 6006(A) and (B)(1)(intro. para.) and (2), 6006.1(A) and (B), 6008(A), 6013(A), 6014(A), (B), and (C), 6015(B)(1) and (2) and (D)(1) and (2)(intro. para.), 6017(A), 6018(B) and (D), 6019(A)(1)(a) and (3)(a) and (b)(ii), 6020(D)(2)(a) and (b) and (3), 6032(A) and (D), 6105(A), 6107(A) and (B), 6108, and R.S. 51:1787(A)(1)(c), (B)(4)(a)(intro. para.), (I), and (K)(1); Repeals R.S. 25:1221-1226.6, R.S. 47:21-300.11, 4331, 6007, 6012, 6016, 6021, 6023, 6025, 6030, 6034-6037, 6104, 6106, and 6301, and R.S. 51:1787(A)(1)(b), (2), and (3) and (G), 1807(A)(1) and (C), 1921-1935, 2351-2356, and 2399.1-2399.6)