

1 prohibit the levy of an initial tax under certain circumstances; to provide for
2 exemptions from ad valorem property taxes for certain capital investment project
3 property; to establish requirements for eligibility; to provide for standard, local, and
4 executive ad valorem tax exemptions; to provide for cooperative endeavor
5 agreements; to provide for exemption applications; to provide for the terms and
6 values of exemptions; to provide for definitions; to provide for local authority
7 approval; to provide for gubernatorial approval; to provide for the consideration,
8 approval, and granting of the exemption; to provide for a statement of purpose; to
9 provide for oversight; to provide for a withdrawal process; to provide for reports; to
10 provide relative to payments in lieu of ad valorem taxes; to authorize local ad
11 valorem taxing authorities to enter into cooperative endeavor agreements that
12 provide for payments in lieu of taxes; to provide for the terms of the cooperative
13 endeavor agreement; to provide for the calculation of an abatement; to provide for
14 an approval process; to provide for certain processes; to provide for certain
15 definitions; to provide for certain requirements and limitations; to provide for the
16 classification of property; to establish the percentages to be used for purposes of fair
17 market value in property assessment; to provide for applicability; to provide for an
18 effective date; and to provide for related matters.

19 Be it enacted by the Legislature of Louisiana:

20 Section 1. R.S. 33:9022(2) is hereby amended and reenacted and R.S. 33:2759 is
21 hereby enacted to read as follows:

22 §2759. Cooperative endeavor agreements authorizing payments in lieu of ad
23 valorem taxes

24 A. For the public purpose of supporting and encouraging economic
25 development within any parish by addressing infrastructure needs and providing a
26 fiscal impact through economic development projects, one or more local
27 governmental subdivisions or any other entities having taxing authority within the
28 parish may execute a joint or separate cooperative endeavor agreement with any
29 owner of non-residential immovable property located within the parish. The

1 agreement shall provide for negotiated payments in lieu of ad valorem taxes in the
2 form of an abatement, subject to the authority granted pursuant to Article VII,
3 Section 21(O) of the Constitution of Louisiana and this Section.

4 B.(1) The terms for a cooperative endeavor agreement providing for
5 payments in lieu of taxes shall be limited to advance cash payments in exchange for
6 an abatement which shall be used to offset future tax liability as provided in the
7 cooperative endeavor agreement. The abatement shall equal the amount of the
8 advance cash payment plus the calculated amortized accrued interest. The interest
9 rate shall equal an amount not to exceed the judicial interest rate as provided in R.S.
10 13:4202 plus two percent. The cooperative endeavor agreement shall include the
11 abatement schedule. Within ten days of the execution of the agreement, a copy of
12 the agreement shall be submitted to the assessor.

13 (2) Cooperative endeavor agreements may be executed by any local
14 governmental subdivision or subdivisions or other taxing authorities only after
15 approval by the taxing authority evidenced by a resolution adopted by the taxing
16 authority, for itself and all districts and subunits created by it respectively, or by
17 resolution of any other statutory taxing authorities or by letter of approval of the
18 sheriff approving the form and terms of the agreement.

19 (3) A public hearing shall be conducted by a taxing authority before adoption
20 of any resolution approving a cooperative endeavor agreement providing for
21 payments in lieu of taxes. Notice of the hearing and the proposed resolution shall be
22 published in the official journal of the applicable taxing authority at least once, no
23 earlier than fourteen days prior to the hearing, or if there is no official journal of the
24 taxing authority, in the official journal of the parish where the non-residential
25 immovable property is located. The notice shall inform the public where a copy of
26 the proposed cooperative endeavor agreement may be obtained and the time and
27 place of the hearing.

28 (4) The cooperative endeavor agreement shall apply only to those taxing
29 authorities that are parties to the agreement. Any non-participating taxing authority

1 shall not be bound by the agreement and its ad valorem taxes shall continue to be
2 billed and collected without regard to the provisions of this Section.

3 (5) Any taxing authority that is considering executing a cooperative
4 endeavor agreement providing for payments in lieu of taxes may submit a request to
5 the Department of Economic Development, hereinafter referred to as the
6 "department", for advice and consideration before entering into the agreement. Upon
7 request, the department shall provide any findings and advice to the taxing authority
8 within thirty days from the date the request is received. The evaluation findings and
9 advice provided by the department shall not be binding on any taxing authority.

10 C. Any property subject to a cooperative endeavor agreement that provides
11 for payments in lieu of taxes shall remain on the assessment rolls for the parish or
12 parishes where the property is located. The assessor shall record the abatement
13 schedule and provide for the application of the abatement to future property tax
14 liabilities as provided for in the cooperative endeavor agreement.

15 D. Payment obligations, transferability, collection procedures, which may
16 include the designation of a collector, and any other matters relating to the payment
17 and collection of payment shall be set forth in the cooperative endeavor agreement.

18 * * *

19 §9022. Definitions

20 The following terms, whenever used or referred to in this Chapter, shall have
21 the following meaning unless a different meaning is otherwise clearly indicated in
22 the context:

23 * * *

24 (2) "Cooperative endeavors" means any form of economic development
25 assistance between and among the state, its local governmental subdivisions,
26 political corporations, public benefit corporations, the United States or its agencies,
27 or any public or private association, corporation, or individual. The term
28 "cooperative endeavors" shall include but not be limited to cooperative financing,

1 cooperative development, agreements providing for payments in lieu of taxes, or any
2 other form of cooperative economic development activity.

3 * * *

4 Section 2. R.S. 47:32(A), 241, 287.12, 287.69, 293(3), (9)(a)(iv), and (10), 294,
5 295(B), 300.1, 300.6(A), 300.7(A), and 601(A), (B), and (C)(2) are hereby amended and
6 reenacted and R.S. 47:293(9)(a)(xx), 611(C), Parts I through IV of Chapter 1-A of Subtitle
7 III of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:1721 through
8 1731, and Chapter 2-A of Subtitle III of Title 47 of the Louisiana Revised Statutes of 1950,
9 to be comprised of R.S. 47:1890, are hereby enacted to read as follows:

10 §32. Rates of tax

11 A. On individuals. The tax to be assessed, levied, collected and paid upon
12 the taxable income of an individual shall be computed at the ~~following rates:~~

13 ~~(1) Two percent on that portion of the first twelve thousand five hundred~~
14 ~~dollars of net income which is in excess of the credits against net income provided~~
15 ~~for in R.S. 47:79;~~

16 ~~(2) Four percent on the next thirty-seven thousand five hundred dollars of~~
17 ~~net income;~~

18 ~~(3) Six percent on any amount of net income in excess of fifty thousand~~
19 ~~dollars of net income~~ rate of four percent on net income.

20 * * *

21 §241. Net income subject to tax

22 The net income of a nonresident individual or a corporation subject to the tax
23 imposed by this Chapter shall be the sum of the net allocable income earned within
24 or derived from sources within this state, as defined in R.S. 47:243, and the net
25 apportionable income derived from sources in this state, as defined in R.S. 47:244,
26 less the amount of ~~federal income taxes attributable to the net allocable income and~~
27 net apportionable income derived from sources in this state. ~~The amount of federal~~
28 ~~income taxes to be so deducted shall be that portion of the total federal income tax~~
29 ~~which is levied with respect to the particular income derived from sources in this~~

1 ~~state to be computed in accordance with rules and regulations of the collector of~~
 2 ~~revenue.~~ Proper adjustment shall be made for the actual tax rates applying to
 3 different classes of income and for all differences in the computation of net income
 4 for purposes of federal income taxation as compared to the computation of net
 5 income under this Chapter. Where the allocation of the tax is to be based on a ratio
 6 of the amount of net income of a particular class, both the numerator and the
 7 denominator of the fraction used in determining the ratio shall be computed on the
 8 basis that such net income is determined for federal income tax purposes.

9 * * *

10 §287.12. Rates of tax

11 The tax to be assessed, levied, collected, and paid upon the Louisiana taxable
 12 income of every corporation shall be computed at the rate of:

13 ~~(1) Four percent upon the first twenty-five thousand dollars of Louisiana~~
 14 ~~taxable income.~~

15 ~~(2) Five percent upon the amount of Louisiana taxable income above twenty-~~
 16 ~~five thousand dollars but not in excess of fifty thousand dollars.~~

17 ~~(3) Six percent on the amount of Louisiana taxable income above fifty~~
 18 ~~thousand dollars but not in excess of one hundred thousand dollars.~~

19 ~~(4) Seven percent on the amount of Louisiana taxable income above one~~
 20 ~~hundred thousand dollars but not in excess of two hundred thousand dollars.~~

21 ~~(5) Eight six and one-half of one percent on all Louisiana taxable income in~~
 22 ~~excess of two hundred thousand dollars.~~

23 * * *

24 §287.69. Louisiana taxable income defined

25 "Louisiana taxable income" means Louisiana net income, after adjustments;
 26 ~~less the federal income tax deduction allowed by R.S. 47:287.85.~~ "After adjustments"
 27 means after the application of the net operating loss adjustment allowed by R.S.
 28 47:287.86.

29 * * *

1 §293. Definitions

2 The following definitions shall apply throughout this Part, unless the context
3 requires otherwise:

4 * * *

5 (3) "Excess federal itemized personal deductions" for the purposes of this
6 Part, means ~~the following percentages of the amount by which the federal itemized~~
7 personal deductions, excluding Louisiana state income taxes paid, exceed the amount
8 of the greater of federal standard deductions or state standard deductions provided
9 in R.S. 47:294, which is designated for the filing status used for the taxable period
10 on the individual income tax return required to be filed.

11 (a) ~~For tax years beginning during calendar year 2007, fifty-seven and one~~
12 ~~half percent of such excess federal itemized personal deductions:~~

13 (b) ~~For tax years beginning during calendar year 2008, sixty-five percent of~~
14 ~~such excess federal itemized personal deductions:~~

15 (c) ~~For all tax years beginning on and after January 1, 2009, one hundred~~
16 ~~percent of such excess federal itemized personal deductions:~~

17 * * *

18 (9)(a) "Tax table income", for resident individuals, means adjusted gross
19 income plus interest on obligations of a state or political subdivision thereof, other
20 than Louisiana and its municipalities, title to which obligations vested with the
21 resident individual on or subsequent to January 1, 1980, and less:

22 * * *

23 (iv) ~~The excess, if any, of the personal exemptions and deductions provided~~
24 ~~for in R.S. 47:294 over the amount of the personal exemptions and deductions~~
25 ~~already included in the tax tables promulgated by the secretary under authority of~~
26 ~~R.S. 47:295. The standard, personal, and dependant deductions provided for in R.S.~~
27 47:294.

28 * * *

1 required to be filed under this Part as they used on their federal income tax return.

2 The amounts to be taken into consideration shall be as follows:

3 A. ~~A combined personal exemption and~~ standard deduction in the following
4 amounts:

5 a. Single Individual	\$ 4500.00	<u>\$12,500</u>
6 b. Married-Joint Return and a Qualified Surviving Spouse	\$ 9000.00	<u>\$25,000</u>
7 c. Married-Separate	\$ 4500.00	<u>\$12,500</u>
8 d. Head of Household	\$ 9000.00	<u>\$25,000</u>

9 ~~B. An additional deduction of one thousand dollars shall be allowed for each~~
10 ~~allowable exemption in excess of those required to qualify for the exemption~~
11 ~~allowable under R.S. 47:294(A).~~

12 B.(1) An exemption of one thousand dollars shall be allowed for a taxpayer
13 who is blind, is deaf, has sustained the loss of one or more limbs, or has an
14 intellectual disability.

15 (2) Each person claiming an exemption pursuant to the provisions of this
16 Subsection shall provide proof of a claim by providing a certificate from a qualified
17 physician or optometrist.

18 C.(1)(a) A deduction of one thousand dollars shall be allowed for each
19 dependent allowed in determining federal income tax liability who is blind, is deaf,
20 has sustained the loss of one or more limbs, or has an intellectual disability.

21 (b) The taxpayer claiming the deduction authorized in this Paragraph shall
22 provide proof of a claim by providing a certificate from a qualified physician or
23 optometrist issued for each dependent for which a deduction is claimed.

24 (2) In addition to the deduction authorized in Paragraph (1) of this
25 Subsection, an additional deduction of one thousand dollars shall be allowed for each
26 dependent as allowed in determining federal income tax liability.

27 D. As used in this Section, the following terms shall have the definitions
28 ascribed to them, unless the context indicates otherwise:

1 thousand dollars, or major fraction thereof on the first three hundred thousand dollars
2 of taxable capital and at the rate of three dollars for each one thousand dollars, or
3 major fraction thereof, which exceeds three hundred thousand dollars of taxable
4 capital. Taxable capital shall be determined as hereinafter provided. The tax levied
5 herein is due and payable on any one or all of the following alternative incidents:

6 ~~(1)~~(a) The qualification to carry on or do business in this state or the actual
7 doing of business within this state in a corporate form. The term "doing business"
8 as used herein shall mean and include each and every act, power, right, privilege, or
9 immunity exercised or enjoyed in this state, as an incident to or by virtue of the
10 powers and privileges acquired by the nature of such organizations, as well as, the
11 buying, selling, or procuring of services or property.

12 ~~(2)~~(b) The exercising of a corporation's charter or the continuance of its
13 charter within this state.

14 ~~(3)~~(c) The owning or using any part or all of its capital, plant, or other
15 property in this state whether owned directly or indirectly by or through a
16 partnership, joint venture, or any other business organization of which the domestic
17 or foreign corporation is a related party as defined in R.S. 47:605.1.

18 (2) The tax levied pursuant to the provisions of this Chapter shall be limited
19 to the following percentages of the amount otherwise levied pursuant to the
20 provisions of this Chapter:

21 (a) For taxable years beginning on or after January 1, 2023, and before
22 January 1, 2024, seventy-five percent.

23 (b) For taxable years beginning on or after January 1, 2024, and before
24 January 1, 2025, fifty percent.

25 (c) For taxable years beginning on or after January 1, 2025, and before
26 January 1, 2026, twenty-five percent.

27 (d) For taxable years beginning on or after January 1, 2026, no corporation
28 franchise tax shall be assessed, levied, or collected by the state nor paid by domestic
29 or foreign corporations on taxable capital.

1 B. It is the purpose of this Section to require the payment of this tax to the
 2 state of Louisiana by domestic corporations for the right granted by the laws of this
 3 state to exist as such an organization, and by both domestic and foreign corporations
 4 for the enjoyment, under the protection of the laws of this state, of the powers, rights,
 5 privileges, and immunities derived by reason of the corporate form of existence and
 6 operation. The tax ~~hereby~~ imposed pursuant to the provisions of this Chapter shall
 7 be in addition to all other taxes levied by any other statute.

8 C.

9 * * *

10 (2) The term "foreign corporation" shall mean and include all such business
 11 organizations as ~~hereinbefore~~ described in ~~this~~ Paragraph (1) of this Section which
 12 are organized under the laws of any other state, territory or district, or foreign
 13 country.

14 * * *

15 §611. Newly taxable corporation

16 * * *

17 C. For taxable years beginning on and after January 1, 2026, no initial tax
 18 shall be assessed, levied, or collected by the state nor paid by domestic or foreign
 19 corporations.

20 * * *

21 CHAPTER 1-A. THE LOUISIANA CAPITAL INVESTMENT

22 PROGRAM FOR DIVERSE ECONOMIC GROWTH AND OPPORTUNITY

23 PART I. GENERAL PROVISIONS

24 §1721. Statement of purpose

25 The Louisiana Capital Investment Program for Diverse Economic Growth
 26 and Opportunity, hereinafter referred to in this Chapter as the capital investment
 27 program, is hereby established as an economic development tool that local
 28 governments and their constituencies may use to attract capital investments from
 29 industry sectors they deem compatible and advantageous to the community. The

1 capital investment program exempts certain businesses in qualifying industry sectors
2 from ad valorem property taxes.

3 §1722. Definitions

4 For the purposes of this Chapter the following words have the following
5 meanings:

6 (1) "Board" shall mean the Board of Commerce and Industry.

7 (2) "Department" shall mean the Department of Economic Development.

8 (3) "Local authority" shall mean the school board, parish governing
9 authority, any incorporated municipality in which the project is located, the sheriff,
10 and the law enforcement district under the control of the sheriff.

11 (4) "Parish authority" shall mean the school board, the sheriff, and the parish
12 governing authority.

13 §1723. Oversight

14 In compliance with the Administrative Procedure Act, the department shall
15 adopt and promulgate rules necessary for the effective administration of the
16 Louisiana Capital Investment Program. These rules shall be subject to review by the
17 House Committee on Ways and Means and the Senate Committee on Revenue and
18 Fiscal Affairs in the same manner and to the same extent as the review of the
19 standing committees provided for in R.S. 49:968(B)(1).

20 PART II. PARISH

21 ENROLLMENT

22 §1724. Authorization

23 In accordance with Article VII, Section 21(F) of the constitution, the
24 department is authorized to create and establish ad valorem tax exemption programs
25 permitting standard, local, and executive tax exemptions.

26 §1725. Notification

27 The department shall notify parish authorities within ten days of the creation
28 or modification of any capital investment exemption program. The notification shall

1 provide program details, enrollment deadlines, resolution requirements, and forms
2 to indicate if the exemption applicable to the program is standard, local, or executive.

3 §1726. Enrollment; exclusion

4 A. A parish shall be enrolled in a capital investment program upon the
5 approval of all parish authorities located within the applicable parish boundaries,
6 evidenced by submitting a resolution of approval to the department.

7 B. A parish shall be excluded from the capital investment program upon
8 disapproval by any parish authority located within the applicable parish boundaries,
9 evidenced by submitting a resolution of disapproval to the department. If no parish
10 authority notifies the department of disapproval within sixty days of the effective
11 date of the program, all parish authorities shall be automatically enrolled in the
12 program.

13 C. Any parish authority that has submitted a resolution of disapproval to the
14 department may later approve participation in the program by submitting a resolution
15 to the department rescinding the previous resolution of disapproval.

16 D. Except as provided in R.S. 47:1727, enrollment in a capital investment
17 program shall be continuous.

18 §1727. Terms of withdrawal

19 A. A parish may withdraw from a capital investment program within five
20 years of enrollment. To withdraw from the program, the school board, parish
21 governing authority, and sheriff must each submit a resolution in support of
22 withdrawal to the department. Any resolution to withdraw from a capital investment
23 program shall be effective ninety days following the receipt of the resolution to
24 withdraw by the department.

25 B. Notwithstanding the provisions of Subsection A of this Section, if the
26 legislature passes any law substantively changing a capital investment program, the
27 parish governing authority may withdraw the parish from that program and shall
28 evidence the withdrawal by a resolution to the department. Any resolution submitted

1 to the department pursuant to this Subsection shall be submitted no later than sixty
2 days after the effective date of the applicable legislation.

3 PART III. EXEMPTIONS

4 AND PROCEDURES

5 §1728. Capital investment project exemption

6 A. Exemptions. In accordance with Article VII, Section 21(F) of the
7 Constitution of Louisiana, there are hereby established standard, local, and executive
8 ad valorem tax exemptions for capital investment projects.

9 B. Standard exemption. (1) Procedure. The department shall establish an
10 application procedure for the standard exemption in accordance with the constitution.

11 (2) Board Review. The board shall review all standard exemption
12 applications in a timely manner and confirm program eligibility for each application.

13 (3) Board Approval. Within ten days of confirmation of program eligibility
14 the board, with the assistance of the department, shall provide the applicant and local
15 authorities with a copy of the conditional approval.

16 (4) Local Review. In addition to the conditional approval of the exemption
17 as provided in Paragraph (3) of this Subsection, the department shall provide each
18 local authority with an analysis of the project applying for the exemption. Each local
19 authority shall review the application and conditional approval in conjunction with
20 the department's analysis and issue a resolution or letter, in the case of a sheriff,
21 approving or rejecting the exemption within sixty days of receipt of the application
22 and conditional approval. In reviewing the application, a local authority may hold
23 a public meeting for the purpose of receiving public input.

24 (5) Final approval. Each local authority shall provide the department with
25 a copy of its resolution or letter approving or rejecting the exemption.

26 C. Local exemption. (1) Eligibility. No applicant shall be eligible for the
27 local exemption until the applicant has received final approval by the department for
28 a standard exemption. Each parish shall establish additional eligibility requirements
29 for the local exemption in accordance with Article VII, Section 21(F) of the

1 Constitution of Louisiana. The application for the local exemption shall be an
2 addendum to the standard exemption application. The local exemption addendum
3 shall be on forms designed and prescribed by the department and shall include all
4 additional parish requirements, the proposed exemption term, and the proposed
5 exemption amount.

6 (2) Review. The department shall forward a copy of the local exemption
7 application within three days of receipt to each impacted local authority that levies
8 a millage and in whose jurisdiction the project will be located. The department shall
9 provide each local authority with an analysis of the project applying for the local
10 exemption. Each local authority shall review the application in conjunction with the
11 department's analysis and issue a resolution or letter, in the case of a sheriff,
12 approving or rejecting the exemption within sixty days of receipt of the application
13 from the department. In reviewing the local application, a local authority may hold
14 a public meeting for the purpose of receiving public input.

15 (3) Cooperative endeavor agreement. Upon the local authority's approval of
16 the local exemption, the local authority and the applicant, with the assistance of the
17 department, shall enter into a cooperative endeavor agreement evidencing the
18 exemption. The cooperative endeavor agreement shall provide for an ad valorem tax
19 exemption of up to one hundred percent of the property tax and for a term of not
20 more than fifteen years.

21 (4) Final approval. The local authority shall provide the department with a
22 copy of the final cooperative endeavor agreement and a copy of all resolutions or
23 letters approving the local exemption.

24 D. Executive exemption. (1) Eligibility and Application. The governor
25 shall be permitted to provide an executive exemption for capital investment projects
26 in accordance with Article VII, Section 21(F) of the Constitution of Louisiana.

27 (2) Invitation and offer. The governor may offer any entity an executive
28 exemption from ad valorem property taxes. The exemption may be for up to one
29 hundred percent of the property taxes for a specific term, decided at the governor's

1 discretion. The executive exemption shall be evidenced by a gubernatorial executive
2 order providing the terms and conditions of the exemption. The board shall require
3 local approval prior to the governor granting the executive exemption. No later than
4 thirty-five days prior to the issuance of any gubernatorial executive order providing
5 an exemption, the governor shall provide all applicable local authorities a draft of the
6 executive order. Local authorities shall have a thirty-day period, beginning the day
7 the draft executive order is received, to reject the proposed exemption. A rejection
8 by any local authority shall be evidenced by resolution or if the rejection is from the
9 sheriff, by letter. If a local authority does not provide notice of rejection within the
10 thirty-day notice period, the exemption will be deemed approved by the local
11 authority.

12 §1729. Reporting

13 Within thirty days after the submittal of an application for an exemption
14 pursuant to this Chapter, the department shall produce a cost-benefit analysis for the
15 project that identifies the projected state and local fiscal impact of the project. The
16 analysis shall include information related to employment, state and local revenues,
17 state and local infrastructure requirements, and the effect of using state and local
18 public services. The employment-related analysis shall include information on the
19 project construction employment, project permanent employment, and project
20 indirect employment. All coincidental and non-proprietary data used in the analysis
21 shall be made available to the public by the department upon written request.

22 PART IV. INDUSTRY

23 PROGRAMS AND PROCEDURES

24 §1730. Industry programs and procedures

25 For the purposes of the Capital Investment Program established in this
26 Chapter, the following industry the following programs comprise the capital
27 investment program:

28 A. Manufacturing. The manufacturing sector shall include but is not limited
29 to entities participating in industrial manufacturing, pharmaceutical manufacturing,

1 semiconductor manufacturing, automotive manufacturing, and green energy
2 manufacturing.

3 B. Technology. The technology sector shall include but is not limited to data
4 centers and laboratories.

5 C. Telecommunication. The telecommunication sector shall include but is
6 not limited to entities providing or assisting in providing rural broadband services.

7 D. Healthcare. For the purposes of the program established in this Chapter,
8 the healthcare sector shall include but is not limited to hospitals and clinics.

9 E. Logistic, warehouse, and distribution. The logistic, warehouse, and
10 distribution sector shall include but is not limited to entities participating in
11 warehouse storage and distribution.

12 §1731. Record keeping

13 The department shall maintain an interactive map on its website identifying
14 available exemptions by parish, industry sector, and program.

15 * * *

16 CHAPTER 2-A. PROPERTY CLASSIFICATIONS

17 §1890. Property assessments; classification; fair market value

18 Classification. The classifications of property subject to ad valorem taxation
19 and the percentage of fair market value applicable to each classification for the
20 purpose of determining assessed valuation are as follows:

<u>Classifications</u>	<u>Percentages</u>
21 <u>1. Land</u>	<u>10%</u>
22 <u>2. Improvements for residential purposes</u>	<u>10%</u>
23 <u>3. Electric cooperative properties, excluding land</u>	<u>15%</u>
24 <u>4. Public service properties; excluding land</u>	<u>25%</u>
25 <u>5. Other property</u>	<u>15%</u>

26
27 Section 3. R.S. 47:79(B), 287.79, 287.83, 287.85, 287.442(B)(1), 293(4) and
28 (9)(a)(ii), 296.1(B)(3)(c), 297(A), and 298 are hereby repealed in their entirety.

1 Section 4. The provisions of this Act shall be applicable to income tax periods
2 beginning on or after January 1, 2023, and corporate franchise tax periods beginning on or
3 after January 1, 2023.

4 Section 5. This Act shall take effect and become operative on January 1, 2023, if and
5 when the proposed amendment of Article VII of the Constitution of Louisiana contained in
6 the Act which originated as House Bill No. ___ of this 2021 Regular Session of the
7 Legislature is 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 629 Original

2021 Regular Session

Ivey

Abstract: Provides for the reform of individual income tax, corporate income tax, corporate franchise tax, and ad valorem taxes.

Present law 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.

Proposed law removes the graduated schedule of rates in favor of a flat 4% individual income tax rate.

Present law provides that in cases where taxpayers file a joint return of husband and wife, the combined tax shall be twice the combined tax of single filers.

Proposed law retains present law.

Present law provides that all personal exemptions and deductions for dependents allowed in determining federal income tax liability shall be allowed in determining La. tax liability. Further provides for a combined personal exemption of \$4,500 for single, individual filers; \$9,000 for married, joint filers; \$4,500 for married, separate filers; and \$9,000 for filers who are the head of household.

Proposed law increases the combined personal exemption to \$12,500 for single, individual and married, separate filers. Also increases to \$25,000 the combined personal exemption for married, joint filers, qualified surviving spouses, and filers who are the head of household.

Present law authorizes a credit of \$400 for each dependent who meets certain criteria.

Proposed law repeals present law in favor of a \$1,000 deduction for each dependent as defined in present law.

Present law authorizes an additional deduction of \$1,000 for each allowable exemption in excess of those required to qualify for the exemption allowable under present law (R.S. 47:294(A)).

Proposed law provides an exemption of \$1,000 for a taxpayer who is blind, is deaf, has sustained the loss of one or more limbs, or has an intellectual disability. Provides a deduction of \$1,000 for each dependent allowed, in determining federal income tax liability, who is blind, is deaf, has sustained the loss of one or more limbs, or has an intellectual disability. Additionally, provides a deduction of \$1,000 for each dependent as allowed in determining federal income tax liability. Provides definitions and requirements for claiming the exemptions.

Present law requires the secretary to establish tax tables that calculate the tax owed by taxpayers based upon where their taxable income falls within a range that does not exceed \$250.

Present law further requires the secretary to provide in the tax tables the combined personal exemption, standard deduction, and other exemption deductions in present law which are deducted from the 2% bracket. If the combined exemptions and deductions exceed the 2% bracket, the excess is deducted from the 4% bracket, and then the 6% bracket. Proposed law requires the tax tables to use the brackets provided for in proposed law.

Proposed law repeals present law.

Present law authorizes a deduction from individual income taxes for excess federal itemized personal deductions. The term "excess federal itemized personal deductions" is defined to mean the amount by which the federal itemized personal deductions exceed the amount of federal standard deduction designated for the filing status used for the taxable period on the individual income tax return.

Proposed law changes the present law definition of "excess federal itemized personal deductions" to mean the amount by which the federal itemized personal deductions, excluding La. state income taxes paid, exceed the amount of the federal standard deduction *or the state standard deduction*, whichever is greater, designated for the filing status used for the taxable period on the individual income tax return.

Present law defines "tax table income" for resident individuals as the adjusted gross income plus interest on certain state or political subdivision obligations less items such as gratuitous grants, loans, or other disaster benefits included in federal adjusted gross income, federal income tax liability, amount deposited into medical or educational savings accounts, and excess personal exemptions and deductions.

Proposed law retains present law but adds to the list of income not included in "tax table income" the standard, personal, and dependent deductions provided for in proposed law as well as state income tax paid which are included in federal adjusted gross income.

Present constitution and present law authorize a state deduction for federal income taxes paid for purposes of computing income taxes for the same period.

Proposed law repeals the present law provisions that authorize a state deduction for federal income taxes paid for purposes of calculating individual and corporate income taxes and income taxes for estates and trusts.

Present law provides for the computation of La. taxable income for a resident estate or trust, including provisions for the federal income tax deduction, limitations of deductions for net income, provisions for the federal deduction for alternative minimum tax, and the authority of the secretary of the Dept. of Revenue to consider reductions to the federal income tax deduction and the determination of the deductible portion of an alternative minimum tax.

Present law 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.

Proposed law removes the graduated schedule of rates in favor of a flat 4% rate on taxable income of an estate or trust.

Present law 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.

Proposed law changes present law by eliminating the graduated schedule of rates dependant on the amount of taxable income of the taxpayer in favor of a flat 6.5% corporate income tax rate.

Present law (R.S. 47:601 et seq.) establishes the corporation franchise tax which is levied on every domestic and foreign corporation exercising its charter, qualified to do business, or actually doing business in La. The 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 La.

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 per \$1,000 of taxable capital above \$300,001.

Present law levies the corporation franchise tax on a corporation when any of the following occurs:

- (1) An organization does business within this state in a corporate form.
- (2) A corporation exercises its charter or the continuance of its charter within La.
- (3) An entity owns or uses part or all of its capital, plant, or other property in La. in a corporate capacity.

Present law provides for the determination of taxable capital for purposes of levying the corporation franchise tax as well as the tax treatment of capital stock, surplus and undivided profits, and the allocation of taxable capital. Present law further provides for the administration of the tax as well as the collection and payment of the tax.

Proposed law provides for the phase-out of the corporate franchise tax for taxable years beginning on or after Jan. 1, 2023, by reducing the amount of the tax by 25% each year until

no tax is levied on the taxable capital of corporations for tax years beginning on or after Jan. 1, 2026.

Present law requires every corporation or other entity subject to the franchise tax to pay only an initial tax of \$110 in the first accounting period in which it becomes subject to the tax. After the first closing of the corporate books, the tax is payable as provided in present law.

Proposed law retains present law but clarifies that no initial tax shall be levied or collected by the state nor paid by domestic or foreign corporations for taxable years beginning on and after Jan. 1, 2026.

Present constitution provides for the exclusive list of ad valorem tax exemptions.

Proposed law provides definitions for the terms "board", "department", "local authorities", and "parish authorities".

Proposed law requires the Department of Economic Development hereinafter ("Dept."), to adopt and promulgate rules to administer the program in compliance with present law.

Proposed law establishes a notification process that requires the Dept. to notify parish authorities within 10 days of the creation or modification of a capital investment program. Proposed law further provides that the notification shall include program details, deadlines, language for resolutions, and specific forms.

Proposed law establishes an enrollment process for the program. A parish can enroll in a program upon the approval of all parish authorities evidenced by a resolution submitted to the Dept.

Proposed law provides that if a parish disapproves participation in a program it shall submit a resolution to the Dept. stating such. Proposed law further provides that if no parish authority notifies the Dept. that it disapproves participation within 60 days of the program's effective date, the parish shall be automatically enrolled.

Proposed law authorizes a parish to change disapproval to approval by rescinding the disapproval resolution.

Proposed law authorizes a parish to withdraw from a program within five years following enrollment. Proposed law further provides a parish can withdraw if all parish authorities submit a resolution stating such. The withdrawal is effective 90 days following the Dept.'s receipt of the resolution.

Proposed law provides that if the legislature passes a law that substantively changes a capital investment program a parish may withdraw from the program by resolution stating such. The resolution must be submitted no later than 60 days after the effective date of the applicable legislation.

Proposed law identifies businesses that constitute the manufacturing, technology, telecommunication, healthcare, logistic, warehouse, and distribution sectors for the purposes of this program.

Proposed law creates a standard ad valorem tax exemption for capital investment projects.

Proposed law requires the Dept. to establish an application procedure for the standard exemption in accordance with the constitution. Proposed law further provides that the Board of Commerce and Industry shall review a standard ad valorem tax exemption in a timely manner and confirm program eligibility for each application. Within 10 days of confirmation, the board shall provide the applicant and local authorities with a copy of the conditional approval.

Proposed law creates a local ad valorem tax exemption for capital investment projects.

Proposed law establishes an application for a local ad valorem tax exemption and requires the Dept. to design and provide the application forms.

Proposed law requires that the Dept. forward a copy of an application to each impacted local authority that levies a millage and in whose district the project will be located.

Proposed law requires the Dept. to provide the local governing authority and all relevant political subdivisions with an analysis of every proposed project requesting an exemption in the parish.

Proposed law requires a local authority within 60 days of receipt to review each project application in conjunction with the Dept.'s analysis and issue a resolution or a letter, in the case of a sheriff, approving or rejecting the application. During this time local authorities may hold public meetings to receive public input.

Proposed law provides that if the local authority approves the application, the local authority and the applicant, with the assistance of the Dept., shall enter into a cooperative endeavor agreement evidencing the exemption.

Proposed law requires the local authority to provide the board with a copy of the cooperative endeavor agreement and a copy of any resolution or letter approving the exemption.

Proposed law creates an executive ad valorem tax exemption for capital investment projects.

Proposed law provides that the governor may offer any entity an executive exemption. The exemption may be for up to 100% of the property taxes of the project and for a specific term to be decided by the governor.

Proposed law requires local approval prior to the execution of the executive order providing for an exemption. A local authority must evidence rejection of the exemption within 30 days of receipt or the exemption will be deemed approved.

Proposed law requires the executive exemption to be evidenced by a gubernatorial executive order providing the terms and conditions of the exemption.

Proposed law requires the Dept. to produce a cost-benefit analysis for the project that specifically identifies the projected state and local fiscal impact, information related to employment, state and local revenues, state and local infrastructure requirements, and the effect of using state and local public services.

Present constitution authorizes the imposition of ad valorem property taxes by local governments, school boards, and other special districts.

Present constitution establishes a list of exclusive ad valorem tax exemptions.

Proposed law authorizes local governmental subdivisions to enter into cooperative endeavor agreements for payments in lieu of ad valorem taxes in the form of an abatement with an owner of non-residential immovable property located within the parish.

Proposed law provides the terms of the cooperative endeavor agreement shall be limited to advance cash payments in exchange for an abatement which shall be used to offset future tax liability as provided for in the agreement.

Proposed law provides the abatement shall be equal to the amount of the cash advance payment plus the calculated amortized accrued interest. Proposed law further provides the

interest rate shall not exceed the judicial interest rate as provided in present law (R.S. 13:4202) plus two percent.

Proposed law provides the cooperative endeavor agreement shall include the abatement schedule and a copy shall be submitted to the assessor within 10 days of the execution of the cooperative endeavor agreement.

Proposed law provides that cooperative endeavor agreements may be entered into by any local taxing authority after approval evidenced by a resolution adopted by the taxing authority or by letter of approval from the sheriff.

Proposed law requires that a public hearing be conducted by a taxing authority before adoption of any resolution approving a cooperative endeavor agreement providing for payments in lieu of taxes.

Proposed law requires notice of the hearing to be published no earlier than 14 days prior to the hearing. The notice shall inform the public where a copy of the proposed cooperative endeavor agreement may be obtained and the time and place of the hearing.

Proposed law provides that a cooperative endeavor agreement applies only to the taxing authorities that are parties to the agreement and that nonparticipating taxing authorities are not bound by the agreement.

Proposed law provides that before entering into a cooperative endeavor agreement providing for payments in lieu of taxes, a taxing authority shall submit a request to the Dept. of Economic Development (department) which shall respond to the taxing authority within 30 days from the date the request is received and that the findings and advice of the department are not binding.

Proposed law requires that any property subject to a cooperative endeavor agreement that provides for payments in lieu of taxes remain on the assessment rolls for the parish or parishes where the property is located.

Proposed law requires the assessor to record the abatement schedule and provide for the application of the abatement to future property tax liabilities as provided for in the cooperative endeavor agreements.

Proposed law provides that matters relating to the payment and collection of payments in lieu of taxes shall be set forth in the cooperative endeavor agreement.

Present constitution authorizes the levy of ad valorem tax on property within Louisiana.

Present constitution provides for the classifications of property and percentages of fair market value to be used in the assessment of property for purposes of ad valorem property taxes.

Proposed law, which is contingent upon the passage of a proposed constitutional amendment provides for the same classifications of property and percentages of fair market value to be used in the assessment of property for purposes of ad valorem property taxes as is provided in present constitution.

Applicable to income tax periods beginning on or after Jan. 1, 2023, and corporate income tax periods beginning on or after Jan. 1, 2023.

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

(Amends R.S. 33:9022(2) and R.S. 47:32(A), 241, 287.12, 287.69, 293(3), (9)(a)(iv), and (10), 294, 295(B), 300.1, 300.6(A), 300.7(A), and 601(A), (B), and (C)(2); Adds R.S. 33:2759 and R.S. 47:293(9)(a)(xx), 611(C), 1721 through 1731, and 1890; Repeals R.S. 47:79(B), 287.79, 287.83, 287.85, 287.442(B)(1), 293(4) and (9)(a)(ii), 296.1(B)(3)(c), 297(A), and 298)