2021 Regular Session

HOUSE BILL NO. 629

BY REPRESENTATIVE IVEY

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX: Provides relative to individual income tax, corporation income tax, corporation franchise tax, and ad valorem tax

1	AN ACT
2	To amend and reenact R.S. 47:32(A), 241, 287.12, 287.69, 293(3), (9)(a)(iv), and (10), 294,
3	295(B), 300.1, 300.6(A), and 300.7(A), to enact R.S. 47:293(9)(a)(xx), Parts I
4	through IV of Chapter 1-A of Subtitle III of Title 47 of the Louisiana Revised
5	Statutes of 1950, to be comprised of R.S. 47:1721 through 1731, and Chapter 2-A
6	of Subtitle III of Title 47 of the Louisiana Revised Statutes of 1950, to be comprised
7	of R.S. 47:1890, and to repeal R.S. 47:79(B), 287.79, 287.83, 287.85, 287.442(B)(1),
8	293(4) and (9)(a)(ii), 296.1(B)(3)(c), 297(A), and 298, relative to taxes; to provide
9	for a flat income tax rate for individuals, estates, and trusts; to provide for the
10	calculation of individual income tax liability; to provide for certain deductions and
11	credits; to reduce certain deductions and credits; to provide with respect to the
12	deduction for excess federal itemized personal deductions; to provide for limitations
13	and restrictions; to reduce the amount of the deduction allowed for excess federal
14	itemized personal deductions; to provide for personal exemptions and credits for
15	dependents; to repeal the deductibility of federal income taxes paid for purposes of
16	calculating income tax; to provide for the rates and brackets for estates and trusts;
17	to provide relative to the rate of the corporation income tax; to provide for
18	exemptions from ad valorem property taxes for certain capital investment project

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1	property; to establish requirements for eligibility; to provide for standard, local, and
2	executive ad valorem tax exemptions; to provide for cooperative endeavor
3	agreements; to provide for exemption applications; to provide for the terms and
4	values of exemptions; to provide for definitions; to provide for local authority
5	approval; to provide for gubernatorial approval; to provide for the consideration,
6	approval, and granting of the exemption; to provide for a statement of purpose; to
7	provide for oversight; to provide for a withdrawal process; to provide for reports; to
8	provide for certain requirements and limitations; to provide for the classification of
9	property; to establish the percentages to be used for purposes of fair market value
10	in property assessment; to provide for applicability; to provide for an effective date;
11	and to provide for related matters.
12	Be it enacted by the Legislature of Louisiana:
13	Section 1. R.S. 47:32(A), 241, 287.12, 287.69, 293(3), (9)(a)(iv), and (10), 294,
14	295(B), 300.1, 300.6(A), and 300.7(A) are hereby amended and reenacted and R.S.
15	47:293(9)(a)(xx), Parts I through IV of Chapter 1-A of Subtitle III of Title 47 of the
16	Louisiana Revised Statutes of 1950, comprised of R.S. 47:1721 through 1731, and Chapter
17	2-A of Subtitle III of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S.
18	47:1890, are hereby enacted to read as follows:
19	§32. Rates of tax
20	A. On individuals. The tax to be assessed, levied, collected and paid upon
21	the taxable income of an individual shall be computed at the following rates:
22	(1) Two percent on that portion of the first twelve thousand five hundred
23	dollars of net income which is in excess of the credits against net income provided
24	for in R.S. 47:79;
25	(2) Four percent on the next thirty-seven thousand five hundred dollars of
26	net income;
27	(3) Six percent on any amount of net income in excess of fifty thousand
28	dollars of net income rate of four percent on net income.
29	* * *

1

§241. Net income subject to tax

2 The net income of a nonresident individual or a corporation subject to the tax 3 imposed by this Chapter shall be the sum of the net allocable income earned within 4 or derived from sources within this state, as defined in R.S. 47:243, and the net 5 apportionable income derived from sources in this state, as defined in R.S. 47:244, 6 less the amount of federal income taxes attributable to the net allocable income and net apportionable income derived from sources in this state. The amount of federal 7 8 income taxes to be so deducted shall be that portion of the total federal income tax 9 which is levied with respect to the particular income derived from sources in this 10 state to be computed in accordance with rules and regulations of the collector of 11 revenue. Proper adjustment shall be made for the actual tax rates applying to 12 different classes of income and for all differences in the computation of net income for purposes of federal income taxation as compared to the computation of net 13 14 income under this Chapter. Where the allocation of the tax is to be based on a ratio 15 of the amount of net income of a particular class, both the numerator and the 16 denominator of the fraction used in determining the ratio shall be computed on the 17 basis that such net income is determined for federal income tax purposes. 18 19 §287.12. Rates of tax 20 The tax to be assessed, levied, collected, and paid upon the Louisiana taxable 21 income of every corporation shall be computed at the rate of:

22 (1) Four percent upon the first twenty-five thousand dollars of Louisiana
23 taxable income.

24 (2) Five percent upon the amount of Louisiana taxable income above twenty 25 five thousand dollars but not in excess of fifty thousand dollars.

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

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

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1	(5) Eight six and one-half of one percent on all Louisiana taxable income in
2	excess of two hundred thousand dollars.
3	* * *
4	§287.69. Louisiana taxable income defined
5	"Louisiana taxable income" means Louisiana net income, after adjustments ,
6	less the federal income tax deduction allowed by R.S. 47:287.85. "After adjustments"
7	means after the application of the net operating loss adjustment allowed by R.S.
8	47:287.86.
9	* * *
10	§293. Definitions
11	The following definitions shall apply throughout this Part, unless the context
12	requires otherwise:
13	* * *
14	(3) "Excess federal itemized personal deductions" for the purposes of this
15	Part, means the following percentages of the amount by which the federal itemized
16	personal deductions, excluding Louisiana state income taxes paid, exceed the amount
17	of the greater of federal standard deductions or state standard deductions provided
18	in R.S. 47:294, which is designated for the filing status used for the taxable period
19	on the individual income tax return required to be filed:
20	(a) For tax years beginning during calendar year 2007, fifty-seven and one
21	half percent of such excess federal itemized personal deductions.
22	(b) For tax years beginning during calendar year 2008, sixty-five percent of
23	such excess federal itemized personal deductions.
24	(c) For all tax years beginning on and after January 1, 2009, one hundred
25	percent of such excess federal itemized personal deductions.
26	* * *
27	(9)(a) "Tax table income", for resident individuals, means adjusted gross
28	income plus interest on obligations of a state or political subdivision thereof, other

1	than Louisiana and its municipalities, title to which obligations vested with the
2	resident individual on or subsequent to January 1, 1980, and less:
3	* * *
4	(iv) The excess, if any, of the personal exemptions and deductions provided
5	for in R.S. 47:294 over the amount of the personal exemptions and deductions
6	already included in the tax tables promulgated by the secretary under authority of
7	R.S. 47:295. The standard, personal, and dependant deductions provided for in R.S.
8	<u>47:294.</u>
9	* * *
10	(xx) Louisiana state income tax refunds which are included in federal
11	adjusted gross income.
12	* * *
13	(10) "Tax table income", for nonresident individuals, means the amount of
14	Louisiana income, as provided in this Part, allocated and apportioned under the
15	provisions of R.S. 47:241 through 247, plus the total amount of the personal
16	exemptions and deductions already included in the tax tables promulgated by the
17	secretary under authority of R.S. 47:295, less the proportionate amount of the federal
18	income tax liability, excess federal itemized personal deductions, the temporary
19	teacher deduction, the recreation volunteer and volunteer firefighter deduction, the
20	construction code retrofitting deduction, any gratuitous grant, loan, or other benefit
21	directly or indirectly provided to a taxpayer by a hurricane recovery entity if such
22	benefit was included in federal adjusted gross income, the exclusion provided for in
23	R.S. 47:297.3 for S Bank shareholders, the deduction for expenses disallowed by 26
24	U.S.C. 280C, salaries, wages or other compensation received for disaster or
25	emergency-related work rendered during a declared state disaster or emergency, the
26	deduction for net capital gains, the pass-through entity exclusion provided in R.S.
27	47:297.14, Louisiana state income tax refunds which are included in federal adjusted
28	gross income, and standard, personal, and dependent exemptions and deductions
29	provided for in R.S. 47:294. The proportionate amount is to be determined by the

1	ratio of Louisiana income to federal adjusted gross income. When federal adjusted
2	gross income is less than Louisiana income, the ratio shall be one hundred percent.
3	* * *
4	§294. Personal exemptions and credit for dependents Standard, personal, and
5	dependent deductions
6	All personal exemptions and deductions for dependents allowed in
7	determining federal income tax liability, including the extra exemption for the blind
8	and aged, will be allowed in determining the tax liability in this Part. Taxpayers are
9	required to use the same filing status and claim the same exemptions on their return
10	required to be filed under this Part as they used on their federal income tax return.
11	The amounts to be taken into consideration shall be as follows:
12	A. A combined personal exemption and standard deduction in the following
13	amounts:
14	a. Single Individual \$4500.00 <u>\$12,500</u>
15	b. Married-Joint Return and a Qualified Surviving Spouse \$9000.00 <u>\$25,000</u>
16	c. Married-Separate \$4500.00 <u>\$12,500</u>
17	d. Head of Household \$9000.00 \$25,000
18	B. An additional deduction of one thousand dollars shall be allowed for each
19	allowable exemption in excess of those required to qualify for the exemption
20	allowable under R.S. 47:294(A).
21	B.(1) An exemption of one thousand dollars shall be allowed for a taxpayer
22	who is blind, is deaf, has sustained the loss of one or more limbs, or has an
23	intellectual disability.
24	(2) Each person claiming an exemption pursuant to the provisions of this
25	Subsection shall provide proof of a claim by providing a certificate from a qualified
26	physician or optometrist.
27	$\underline{C.(1)(a)}$ A deduction of one thousand dollars shall be allowed for each
28	dependent allowed in determining federal income tax liability who is blind, is deaf,
29	has sustained the loss of one or more limbs, or has an intellectual disability.

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1	(b) The taxpayer claiming the deduction authorized in this Paragraph shall
2	provide proof of a claim by providing a certificate from a qualified physician or
3	optometrist issued for each dependent for which a deduction is claimed.
4	(2) In addition to the deduction authorized in Paragraph (1) of this
5	Subsection, an additional deduction of one thousand dollars shall be allowed for each
6	dependent as allowed in determining federal income tax liability.
7	D. As used in this Section, the following terms shall have the definitions
8	ascribed to them, unless the context indicates otherwise:
9	(1) "Blind" shall mean and refer to a person who, after examination by a
10	licensed physician skilled in diseases of the eye or by a licensed optometrist, has
11	been determined to have not more than 20/200 central visual acuity in the better eye
12	with correcting lenses, or an equally disabling loss of the visual field as evidenced
13	by a limitation to the field of vision in the better eye to such a degree that its widest
14	diameter subtends an angle of no greater than twenty degrees.
15	(2) "Deaf" shall mean and refer to a person whose hearing is so impaired that
16	it is insufficient for use in an occupation or activity for which hearing is essential.
17	E. Allowable deductions authorized in this Section shall not exceed the
18	taxable net income of the individual pursuant to the provisions of this Chapter.
19	* * *
20	§295. Tax imposed on individuals; administration
21	* * *
22	B. The secretary shall establish tax tables that calculate the tax owed by
23	taxpayers based upon where their taxable income falls within a range that shall not
24	exceed two hundred fifty dollars. The secretary shall provide in the tax tables that
25	the combined personal exemption, standard deduction, and other exemption
26	deductions in R.S. 47:294 shall be deducted from the brackets provided for in
27	47:32(A) two percent bracket. If such combined exemptions and deductions exceed
28	the two percent bracket, the excess shall be deducted from the four percent bracket.

1	If such combined exemptions and deductions exceed the two and four percent
2	brackets, the excess shall be deducted from the six percent bracket.
3	* * *
4	§300.1. Tax imposed
5	There is imposed an income tax for each taxable year upon the Louisiana
6	taxable income of every estate or trust, whether resident or nonresident. The tax to
7	be assessed, levied, collected, and paid upon the Louisiana taxable income of an
8	estate or trust shall be computed at the following rates:
9	(1) Two percent on the first ten thousand dollars of Louisiana taxable
10	income.
11	(2) Four percent on the next forty thousand dollars of Louisiana taxable
12	income.
13	(3) Six percent on Louisiana taxable income in excess of fifty thousand
14	dollars rate of four percent on Louisiana taxable income.
15	* * *
16	§300.6. Louisiana taxable income of resident estate or trust
17	A. Definition. "Louisiana taxable income" of a resident estate or trust means
18	the taxable income of the estate or trust determined in accordance with federal law
19	for the same taxable year, as specifically modified by the provisions contained in
20	Subsection B of this Section, less a federal income tax deduction to be computed
21	following the provisions of R.S. 47:287.83 and 287.85.
22	* * *
23	§300.7. Louisiana taxable income of nonresident estate or trust
24	A. Definition. "Louisiana taxable income" of a nonresident estate or trust
25	means such the portion of the taxable income of the nonresident estate or trust
26	determined in accordance with federal law for the same taxable year, as specifically
27	modified by the provisions contained in Subsection C of this Section, that was earned

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1	within or derived from sources within this state, less a federal income tax deduction
2	to be computed following the provisions of R.S. 47:287.83 and 287.85.
3	* * *
4	CHAPTER 1-A. THE LOUISIANA CAPITAL INVESTMENT
5	PROGRAM FOR DIVERSE ECONOMIC GROWTH AND OPPORTUNITY
6	PART I. GENERAL PROVISIONS
7	<u>§1721. Statement of purpose</u>
8	The Louisiana Capital Investment Program for Diverse Economic Growth
9	and Opportunity, hereinafter referred to in this Chapter as the capital investment
10	program, is hereby established as an economic development tool that local
11	governments and their constituencies may use to attract capital investments from
12	industry sectors they deem compatible and advantageous to the community. The
13	capital investment program exempts certain businesses in qualifying industry sectors
14	from ad valorem property taxes.
15	<u>§1722. Definitions</u>
16	For the purposes of this Chapter the following words have the following
17	meanings:
18	(1) "Board" shall mean the Board of Commerce and Industry.
19	(2) "Department" shall mean the Department of Economic Development.
20	(3) "Local authority" shall mean the school board, parish governing
21	authority, any incorporated municipality in which the project is located, the sheriff,
22	and the law enforcement district under the control of the sheriff.
23	(4) "Parish authority" shall mean the school board, the sheriff, and the parish
24	governing authority.
25	<u>§1723. Oversight</u>
26	In compliance with the Administrative Procedure Act, the department shall
27	adopt and promulgate rules necessary for the effective administration of the
28	Louisiana Capital Investment Program. These rules shall be subject to review by the
29	House Committee on Ways and Means and the Senate Committee on Revenue and

1	Fiscal Affairs in the same manner and to the same extent as the review of the
2	standing committees provided for in R.S. 49:968(B)(1).
3	PART II. PARISH
4	ENROLLMENT
5	§1724. Authorization
6	In accordance with Article VII, Section 21(F) of the constitution, the
7	department is authorized to create and establish ad valorem tax exemption programs
8	permitting standard, local, and executive tax exemptions.
9	<u>§1725. Notification</u>
10	The department shall notify parish authorities within ten days of the creation
11	or modification of any capital investment exemption program. The notification shall
12	provide program details, enrollment deadlines, resolution requirements, and forms
13	to indicate if the exemption applicable to the program is standard, local, or executive.
14	<u>§1726. Enrollment; exclusion</u>
15	A. A parish shall be enrolled in a capital investment program upon the
16	approval of all parish authorities located within the applicable parish boundaries,
17	evidenced by submitting a resolution of approval to the department.
18	B. A parish shall be excluded from the capital investment program upon
19	disapproval by any parish authority located within the applicable parish boundaries,
20	evidenced by submitting a resolution of disapproval to the department. If no parish
21	authority notifies the department of disapproval within sixty days of the effective
22	date of the program, all parish authorities shall be automatically enrolled in the
23	program.
24	C. Any parish authority that has submitted a resolution of disapproval to the
25	department may later approve participation in the program by submitting a resolution
26	to the department rescinding the previous resolution of disapproval.
27	D. Except as provided in R.S. 47:1727, enrollment in a capital investment
28	program shall be continuous.

1	<u>§1727. Terms of withdrawal</u>
2	A. A parish may withdraw from a capital investment program within five
3	years of enrollment. To withdraw from the program, the school board, parish
4	governing authority, and sheriff must each submit a resolution in support of
5	withdrawal to the department. Any resolution to withdraw from a capital investment
6	program shall be effective ninety days following the receipt of the resolution to
7	withdraw by the department.
8	B. Notwithstanding the provisions of Subsection A of this Section, if the
9	legislature passes any law substantively changing a capital investment program, the
10	parish governing authority may withdraw the parish from that program and shall
11	evidence the withdrawal by a resolution to the department. Any resolution submitted
12	to the department pursuant to this Subsection shall be submitted no later than sixty
13	days after the effective date of the applicable legislation.
14	PART III. EXEMPTIONS
15	AND PROCEDURES
16	§1728. Capital investment project exemption
17	A. Exemptions. In accordance with Article VII, Section 21(F) of the
18	Constitution of Louisiana, there are hereby established standard, local, and executive
19	ad valorem tax exemptions for capital investment projects.
20	B. Standard exemption. (1) Procedure. The department shall establish an
21	application procedure for the standard exemption in accordance with the constitution.
22	(2) Board Review. The board shall review all standard exemption
23	applications in a timely manner and confirm program eligibility for each application.
24	(3) Board Approval. Within ten days of confirmation of program eligibility
25	the board, with the assistance of the department, shall provide the applicant and local
26	authorities with a copy of the conditional approval.
27	(4) Local Review. In addition to the conditional approval of the exemption
28	as provided in Paragraph (3) of this Subsection, the department shall provide each
29	local authority with an analysis of the project applying for the exemption. Each local

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1	authority shall review the application and conditional approval in conjunction with
2	the department's analysis and issue a resolution or letter, in the case of a sheriff,
3	approving or rejecting the exemption within sixty days of receipt of the application
4	and conditional approval. In reviewing the application, a local authority may hold
5	a public meeting for the purpose of receiving public input.
6	(5) Final approval. Each local authority shall provide the department with
7	a copy of its resolution or letter approving or rejecting the exemption.
8	C. Local exemption. (1) Eligibility. No applicant shall be eligible for the
9	local exemption until the applicant has received final approval by the department for
10	a standard exemption. Each parish shall establish additional eligibility requirements
11	for the local exemption in accordance with Article VII, Section 21(F) of the
12	Constitution of Louisiana. The application for the local exemption shall be an
13	addendum to the standard exemption application. The local exemption addendum
14	shall be on forms designed and prescribed by the department and shall include all
15	additional parish requirements, the proposed exemption term, and the proposed
16	exemption amount.
17	(2) Review. The department shall forward a copy of the local exemption
18	application within three days of receipt to each impacted local authority that levies
19	a millage and in whose jurisdiction the project will be located. The department shall
20	provide each local authority with an analysis of the project applying for the local
21	exemption. Each local authority shall review the application in conjunction with the
22	department's analysis and issue a resolution or letter, in the case of a sheriff,
23	approving or rejecting the exemption within sixty days of receipt of the application
24	from the department. In reviewing the local application, a local authority may hold
25	a public meeting for the purpose of receiving public input.
26	(3) Cooperative endeavor agreement. Upon the local authority's approval of
27	the local exemption, the local authority and the applicant, with the assistance of the
28	department, shall enter into a cooperative endeavor agreement evidencing the
29	exemption. The cooperative endeavor agreement shall provide for an ad valorem tax

1	exemption of up to one hundred percent of the property tax and for a term of not
2	more than fifteen years.
3	(4) Final approval. The local authority shall provide the department with a
4	copy of the final cooperative endeavor agreement and a copy of all resolutions or
5	letters approving the local exemption.
6	D. Executive exemption. (1) Eligibility and Application. The governor
7	shall be permitted to provide an executive exemption for capital investment projects
8	in accordance with Article VII, Section 21(F) of the Constitution of Louisiana.
9	(2) Invitation and offer. The governor may offer any entity an executive
10	exemption from ad valorem property taxes. The exemption may be for up to one
11	hundred percent of the property taxes for a specific term, decided at the governor's
12	discretion. The executive exemption shall be evidenced by a gubernatorial executive
13	order providing the terms and conditions of the exemption. The board shall require
14	local approval prior to the governor granting the executive exemption. No later than
15	thirty-five days prior to the issuance of any gubernatorial executive order providing
16	an exemption, the governor shall provide all applicable local authorities a draft of the
17	executive order. Local authorities shall have a thirty-day period, beginning the day
18	the draft executive order is received, to reject the proposed exemption. A rejection
19	by any local authority shall be evidenced by resolution or if the rejection is from the
20	sheriff, by letter. If a local authority does not provide notice of rejection within the
21	thirty-day notice period, the exemption will be deemed approved by the local
22	authority.
23	<u>§1729. Reporting</u>
24	Within thirty days after the submittal of an application for an exemption
25	pursuant to this Chapter, the department shall produce a cost-benefit analysis for the
26	project that identifies the projected state and local fiscal impact of the project. The
27	analysis shall include information related to employment, state and local revenues,
28	state and local infrastructure requirements, and the effect of using state and local
29	public services. The employment-related analysis shall include information on the

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1	project construction employment, project permanent employment, and project
2	indirect employment. All coincidental and non-proprietary data used in the analysis
3	shall be made available to the public by the department upon written request.
4	PART IV. INDUSTRY
5	PROGRAMS AND PROCEDURES
6	§1730. Industry programs and procedures
7	For the purposes of the Capital Investment Program established in this
8	Chapter, the following industry programs comprise the capital investment program:
9	A. Manufacturing. The manufacturing sector shall include but is not limited
10	to entities participating in pharmaceutical manufacturing, semiconductor
11	manufacturing, automotive manufacturing, and green energy manufacturing. The
12	manufacturing sector shall not include industrial manufacturing.
13	B. Technology. The technology sector shall include but is not limited to data
14	centers and laboratories.
15	C. Telecommunication. The telecommunication sector shall include but is
16	not limited to entities providing or assisting in providing rural broadband services.
17	D. Healthcare. For the purposes of the program established in this Chapter,
18	the healthcare sector shall include but is not limited to hospitals and clinics.
19	E. Logistic, warehouse, and distribution. The logistic, warehouse, and
20	distribution sector shall include but is not limited to entities participating in
21	warehouse storage and distribution.
22	§1731. Record keeping
23	The department shall maintain an interactive map on its website identifying
24	available exemptions by parish, industry sector, and program.
25	* * *

1	CHAPTER 2-A. PROPERTY CLASSIFICATIONS		
2	§1890. Property assessments; classification; fair market value		
3	Classification. The classifications of property subject to ad valorem taxation		
4	and the percentage of fair market value applicable to each classification for the		
5	purpose of determining assessed valuation are as follows:		
6	<u>Classifications</u> <u>Percentages</u>		
7	<u>1. Land</u> <u>10%</u>		
8	2. Improvements for residential purposes 10%		
9	3. Electric cooperative properties, excluding land 15%		
10	4. Other property 15%		
11	Section 2. R.S. 47:79(B), 287.79, 287.83, 287.85, 287.442(B)(1), 293(4) and		
12	(9)(a)(ii), 296.1(B)(3)(c), 297(A), and 298 are hereby repealed in their entirety.		
13	Section 3. The provisions of this Act shall be applicable to income tax periods		
14	beginning on or after January 1, 2023, and corporate franchise tax periods beginning on or		
15	after January 1, 2023.		
16	Section 4. This Act shall take effect and become operative on January 1, 2023, if and		
17	when the proposed amendment of Article VII of the Constitution of Louisiana contained in		
18	the Act which originated as House Bill No of this 2021 Regular Session of the		
19	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 Engrossed	2021 Regular Session	Ivey
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Abstract: Provides relative to individual income tax, corporate income tax, corporate franchise tax, and ad valorem taxes.

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

<u>Present law</u> 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.

<u>Present law</u> 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.

<u>Proposed law</u> 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.

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

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

<u>Proposed law</u> 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.

<u>Present law</u> requires the secretary of the Dept. of Revenue 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.

<u>Present law</u> further requires the secretary to provide in the tax tables the combined personal exemption, standard deduction, and other exemption deductions in <u>present law</u> 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. <u>Proposed law</u> requires the tax tables to use the brackets provided for in <u>proposed law</u>.

<u>Present law</u> 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.

<u>Proposed law</u> changes the <u>present law</u> 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.

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<u>Present law</u> 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.

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

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

<u>Proposed law</u> repeals the <u>present law</u> 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.

<u>Present law</u> 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.

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

<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> changes <u>present law</u> 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 constitution provides for the exclusive list of ad valorem tax exemptions.

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

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

<u>Proposed law</u> 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. Further provides that the notification shall include program details, deadlines, language for resolutions, and specific forms.

<u>Proposed law</u> 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.

<u>Proposed law</u> provides that if a parish disapproves participation in a program it shall submit a resolution to the Dept. stating such. <u>Proposed law</u> 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.

<u>Proposed law</u> authorizes a parish to change disapproval to approval by rescinding the disapproval resolution.

<u>Proposed law</u> authorizes a parish to withdraw from a program within five years following enrollment. <u>Proposed law</u> 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.

<u>Proposed law</u> 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.

<u>Proposed law</u> 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.

<u>Proposed law</u> requires the Dept. to establish an application procedure for the standard exemption in accordance with the constitution. <u>Proposed law</u> 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.

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

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

<u>Proposed law</u> 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.

<u>Proposed law</u> 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

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case of a sheriff, approving or rejecting the application. During this time local authorities may hold public meetings to receive public input.

<u>Proposed law</u> 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.

<u>Proposed law</u> 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.

<u>Proposed law</u> 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.

<u>Proposed law</u> 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.

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

<u>Proposed law</u> 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 levy of ad valorem tax on property within Louisiana.

<u>Present constitution</u> 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.

<u>Proposed law</u>, which is contingent upon the passage of a <u>proposed constitutional amendment</u> 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 <u>present constitution</u>. However, <u>proposed law</u> excludes certain public service properties from the list of property classifications.

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

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. _____ of this 2021 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends 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), and 300.7(A); Adds R.S. 47:293(9)(a)(xx), 1721-1731, 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)

Summary of Amendments Adopted by House

- The Committee Amendments Proposed by <u>House Committee on Ways and Means</u> to the <u>original</u> bill:
- 1. Remove provisions of <u>proposed law</u> relative to the reduction and eventual elimination of the corporate franchise tax.

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- 2. Remove provisions of <u>proposed law</u> that prohibit the levy of an initial corporate franchise tax.
- 3. Remove provisions of <u>proposed law</u> authorizing local governmental subdivisions or other taxing authorities to enter into cooperative endeavor agreements authorizing payments in lieu of ad valorem taxes. Further remove provisions relative to the terms of cooperative endeavor agreements, provisions relative to the calculation of the abatement, and related provisions regarding the approval process.
- 4. Specify that for purposes of the Capital Investment Program, the manufacturing sector shall not include industrial manufacturing.
- 5. Remove public service property from the list of property classifications subject to ad valorem taxation and its associated fair market value percentage.