

2023 Regular Session

HOUSE BILL NO. 214

BY REPRESENTATIVE DEVILLIER

TAX/STATE: Repeals individual income, corporate income, and corporate franchise taxes and repeals all credits, deductions, exemptions, and exclusions from the taxes

1 AN ACT

2 To amend and reenact R.S. 51:1787(A)(1)(c), (B)(4)(a)(introductory paragraph), (I), and

3 (K)(1) and 1924(A), (E), and (F) and to repeal Part II of Chapter 26 of Title 25 of the

4 Louisiana Revised Statutes of 1950, comprised of R.S. 25:1226 through 1226.6, R.S.

5 47:11 and 12, Chapter 1 of Subtitle II of Title 47 of the Louisiana Revised Statutes

6 of 1950, comprised of R.S. 47:21 through 300.11, Chapter 5 of Subtitle II of Title 47

7 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:601 through 618,

8 3204(H)(1) and (2), (I)(1)(a) and (b), and (J)(1) and (2), 4305(B)(1) and (2), Chapter

9 5 of Subtitle V of Title 47 of the Louisiana Revised Statutes of 1950, comprised of

10 R.S. 47:4331, R.S. 47:6005 through 6042, Chapter 2 of Subtitle VII of Title 47 of the

11 Louisiana Revised Statutes of 1950, comprised of R.S. 47:6101 through 6109,

12 Chapter 3 of Subtitle VII of Title 47 of the Louisiana Revised Statutes of 1950,

13 comprised of R.S. 47:6301, R.S. 51:1787(A)(1)(b), (2), and (3) and (G), Chapter 22

14 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1801

15 through 1808, R.S. 51:1924(B), Part VI of Chapter 39 of Title 51 of the Louisiana

16 Revised Statutes of 1950, comprised of R.S. 51:2351 through 2356, and Chapter 39-

17 C of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:2399.1

18 through 2399.6, relative to state taxes; to repeal the state tax levied on the taxable

19 income of individuals and estates and trusts; to repeal the state tax levied on the

20 taxable income of corporations; to repeal the state corporate franchise tax; to repeal

1 income and franchise tax credits, exemptions, deductions, and exclusions; to limit
2 the applicability of certain income tax credits; to provide for applicability; to provide
3 for an effective date; and to provide for related matters.

4 Be it enacted by the Legislature of Louisiana:

5 Section 1. R.S. 51:1787(A)(1)(c), (B)(4)(a)(introductory paragraph), (I), and (K)(1)
6 and 1924(A), (E), and (F) are hereby amended and reenacted to read as follows:

7 §1787. Enterprise zone incentives

8 A. The board, after consultation with the secretaries of the Department of
9 Economic Development and Department of Revenue, and with the approval of the
10 governor, may enter into contracts not to exceed five years to provide:

11 (1) For either:

12 * * *

13 (c)(i) For projects for which the advance notification is filed on or after April
14 1, 2016, the amount of the rebate of sales and use taxes ~~and the investment income~~
15 ~~tax credit~~ granted pursuant to the provisions of this Paragraph shall not exceed one
16 hundred thousand dollars per net new job created under this Chapter.

17 (ii) A business shall not receive any sales and use tax rebate ~~or refundable~~
18 ~~investment income tax credit~~ until it has provided all documentation, including filing
19 the annual certification report as required by rule, and has shown proof of the
20 creation of the net new jobs.

21 (iii) For purposes of determining the maximum rebate ~~or income tax credit~~
22 allowed, each net new job shall only be counted once. The limitation provided for
23 in this Subparagraph shall only apply to the sales and use tax rebates ~~and refundable~~
24 ~~investment income tax credits~~ granted to businesses participating in the Enterprise
25 Zone Program.

26 * * *

27 B. The board may enter into the contracts provided in Subsection A of this
28 Section provided that:

29 * * *

1 (4)(a) The business makes its request for rebate of sales and use tax ~~or the~~
2 ~~tax credit~~ either:

3 * * *

4 I. If the collecting agencies receive notice that the rebate ~~or credit~~, or any
5 part thereof, has ceased by reason of a violation of the terms of the contract under
6 which it was granted, then the amount of the ~~credit~~ incentive for the year in which
7 the violation occurred and for each year thereafter in which the violation is not
8 remedied shall be considered a tax due as of December thirty-first of the year in
9 which the violation occurred, and for each year thereafter in which ~~a credit~~ an
10 incentive is used and the violation is not remedied, and it shall be collected by the
11 collecting agencies in the same manner and subject to the same provisions for the
12 collection of other tax debts.

13 * * *

14 K.(1) In addition to the ~~incentives~~ incentive provided for in Subsection A of
15 this Section, an essential critical infrastructure worker shall be eligible for a one-time
16 hazard pay rebate based upon the worker's adjusted gross income.

17 * * *

18 §1924. Income tax credit or premium tax reduction

19 A. A person, either natural or artificial, who invests in the certified capital
20 of a certified Louisiana capital company may claim ~~either~~ a premium tax reduction
21 pursuant to R.S. 22:832(E) ~~or a credit against the person's Louisiana income tax in~~
22 ~~the person's taxable year in which the investment is made, as certified by the~~
23 ~~commissioner, pursuant to rules promulgated by the secretary, to~~ of the Department
24 of Insurance ~~or the Department of Revenue.~~

25 * * *

26 E. The amount of the tax credit which exceeds the person's premium tax ~~and~~
27 ~~income tax~~ liability for the ~~taxable~~ year for which ~~credits are~~ the credit is allowed or
28 the amount of premium ~~and income tax~~ ~~credits that are~~ credit not used by ~~such~~ the
29 person for the ~~taxable~~ year for which ~~such credits are~~ the credit is allowed may be

1 carried forward to subsequent years until the ~~credits are~~ credit is exhausted; however,
2 the reduction in any ~~taxable~~ year shall not exceed ~~such~~ the person's premium tax ~~or~~
3 ~~income tax~~ liability for ~~such taxable~~ the year.

4 F. The department shall provide for the transfer or sale of premium ~~and~~
5 ~~income~~ tax credits under this Chapter. The transfer or sale of ~~income or~~ premium
6 tax credits will be restricted to transfers or sales between affiliates and sophisticated
7 investors, collectively referred to as acquirers. No acquirer shall be able to utilize
8 any premium tax credit earned after July 1, 2002, until at least the second
9 anniversary of the investment date of the investment pool from which the premium
10 tax credits were earned. Furthermore, even though a transfer or sale of credits,
11 known as an election under this Section, may involve several entities, only one
12 election may be made during any calendar quarter. Therefore, an investor in a
13 certified Louisiana capital company may only transfer or sell credits once during a
14 calendar quarter and the entity that purchases the credit may not transfer credits
15 obtained during the quarter in which the credits are transferred or purchased. In any
16 subsequent calendar year, the purchaser of the credits may make one transfer election
17 per calendar quarter.

18 * * *

19 Section 2. Part II of Chapter 26 of Title 25 of the Louisiana Revised Statutes of
20 1950, comprised of R.S. 25:1226 through 1226.6, R.S. 47:11 and 12, Chapter 1 of Subtitle
21 II of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:21 through
22 300.11, Chapter 5 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950,
23 comprised of R.S. 47:601 through 618, 3204(H)(1) and (2), (I)(1)(a) and (b), and (J)(1) and
24 (2), 4305(B)(1) and (2), Chapter 5 of Subtitle V of Title 47 of the Louisiana Revised Statutes
25 of 1950, comprised of R.S. 47:4331, R.S. 47:6005 through 6042, Chapter 2 of Subtitle VII
26 of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:6101 through
27 6109, Chapter 3 of Subtitle VII of Title 47 of the Louisiana Revised Statutes of 1950,
28 comprised of R.S. 47:6301, R.S. 51:1787(A)(1)(b), (2), and (3) and (G), Chapter 22 of Title
29 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1801 through 1808, R.S.

1 51:1924(B), Part VI of Chapter 39 of Title 51 of the Louisiana Revised Statutes of 1950,
2 comprised of R.S. 51:2351 through 2356, and Chapter 39-C of Title 51 of the Louisiana
3 Revised Statutes of 1950, comprised of R.S. 51:2399.1 through 2399.6, are hereby repealed
4 in their entirety.

5 Section 3. The provisions of this Act shall be applicable for income tax years
6 beginning on or after January 1, 2024, and to corporate franchise tax periods beginning on
7 or after January 1, 2024.

8 Section 4. This Act shall become effective on January 1, 2024.

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 214 Original

2023 Regular Session

DeVillier

Abstract: Repeals the state tax levied on the taxable income of individuals, estates and trusts, and corporations; the state corporate franchise tax; and income and franchise tax exemptions, deductions, exclusions, and credits.

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) 1.85% on the first \$12,500 of net income.
- (2) 3.5% on the next \$37,500 of net income.
- (3) 4.25% on net income in excess of \$50,000.

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) 1.85% on the first \$10,000 of La. taxable income.
- (2) 3.5% on the next \$40,000 of La. taxable income.
- (3) 4.25% on La. taxable income in excess of \$50,000.

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) 3.5% on the first \$50,000 of La. taxable income.
- (2) 5.5% on La. taxable income above \$50,000 but not in excess of \$150,000.
- (3) 7.5% on La. taxable income in excess of \$150,000.

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 rate of \$2.75 per \$1,000 of taxable capital above \$300,000. 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 repeals present law.

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

Proposed law repeals the deductions, exemptions, exclusions, and credits provided for in present law.

Proposed law limits the applicability of the following tax credits:

- (1) Sales tax portion of the incentives requiring a contract with the Board of Commerce and Industry (R.S. 47:3204(H)(3) and (4), (I)(1)(c) and (d), and (J)(3), (4), and (5)).
- (2) Sales tax portion of exemptions for manufacturing establishments (R.S. 47:4305(B)(3) and (4)).
- (3) Rebate portion of the enterprise zone incentive program (R.S. 51:1787(A)(1)(c), (B)(4)(a)(intro. para.), (I), and (K)(1)).
- (4) Premium tax portion of the premium tax credit (R.S. 51:1924(A), (E), and (F)).

Applicable to income tax years beginning on or after Jan. 1, 2024, and to corporate franchise tax periods beginning on or after Jan. 1, 2024.

Effective Jan. 1, 2024.

(Amends R.S. 51:1787(A)(1)(c), (B)(4)(a)(intro. para.), (I), and (K)(1) and 1924(A), (E), and (F); Repeals R.S. 25:1226-1226.6, R.S. 47:11, 12, 21-300.11, 601-618, 3204(H)(1) and (2), (I)(1)(a) and (b), and (J)(1) and (2), 4305(B)(1) and (2), 4331, 6005-6042, 6101-6109, 6301, and R.S. 51:1787(A)(1)(b), (2), and (3) and (G), 1801-1808, 1924(B), 2351-2356, and 2399.1-2399.6)