

RÉSUMÉ DIGEST

ACT 6 (HB 3)

2024 Third Extraordinary Session

Emerson

Prior law (R.S. 47:601 et seq.) established the corporation franchise tax which was levied on every domestic and foreign corporation exercising its charter, qualified to do business, or actually doing business in La. The corporation franchise tax was also levied on any domestic or foreign corporation owning or using any part of its capital, plant, or other property in La.

Prior law provided, beginning Jan. 1, 2023, that the rate of the tax was \$2.75 per \$1,000 of taxable capital above \$300,000.

Prior law provided 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. Prior law further provided for the administration of the tax as well as the collection and payment of the tax.

Prior law required 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 became subject to the tax. After the first closing of the corporate books, the tax was payable as provided in prior law.

Prior law required an automatic corporation franchise tax rate reduction beginning Jan. 1, 2024, and each Jan. first thereafter, if in any year corporation income and franchise tax collections exceeded the Fiscal Year 2018-19 corporation income and franchise tax collections, adjusted annually by the growth factor provided for in existing constitution.

New law repeals prior law.

Existing law provides for various incentives in the form of credits, deductions, exemptions, exclusions, and rebates that are applicable against individual and corporation income taxes.

Prior law provided for various incentives in the form of credits, deductions, exemptions, exclusions, and rebates applicable against the corporation franchise taxes.

New law retains existing law with respect to incentives applicable against individual and corporation income taxes but removes applicability of the following incentives against the corporation franchise tax:

- (1) La. work opportunity tax credit. (R.S. 47:287.750)
- (2) Tax credit for qualified new recycling manufacturing or process equipment and service contracts. (R.S. 47:6005)
- (3) Tax credits for local inventory taxes paid. (R.S. 47:6006)
- (4) Tax credits for taxes paid with respect to vessels in Outer Continental Shelf Lands Act Waters. (R.S. 47:6006.1)
- (5) Tax credits for donations made to assist playgrounds in economically depressed areas. (R.S. 47:6008)
- (6) Tax credits for donations made to public schools. (R.S. 47:6013)
- (7) Credit for property taxes paid by certain telephone companies. (R.S. 47:6014)
- (8) Research and development tax credit. (R.S. 47:6015)
- (9) Tax credits for certain expenses paid by economic development corporations. (R.S. 47:6017)
- (10) Tax credits for purchasers from "PIE contractors". (R.S. 47:6018)
- (11) Tax credit for rehabilitation of historic structures. (R.S. 47:6019)

- (12) Tax credits associated with the Angel Investor Tax Credit Program. (R.S. 47:6020)
- (13) Digital interactive media and software tax credit. (R.S. 47:6022)
- (14) Tax credits associated with the La. Youth Jobs Tax Credit Program. (R.S. 47:6028)
- (15) Tax credit for certain milk producers. (R.S. 47:6032)
- (16) Apprenticeship tax credits. (R.S. 47:6033)
- (17) Ports of Louisiana tax credits. (R.S. 47:6036)
- (18) Child care provider tax credit. (R.S. 47:6105)
- (19) Business-supported child care tax credit. (R.S. 47:6107)
- (20) Tax credits associated with Enterprise zone incentives. (R.S. 51:1787)
- (21) Modernization tax credit. (R.S. 51:2399.3)

New law provides that in any instance in which a provision of this Act conflicts with a provision of Act No. 10 of the 2024 3rd E.S., the provision of Act No. 10 of the 2024 3rd E.S. shall prevail and be given effect.

New law provides that in any instance in which a provision of this Act conflicts with a provision of Act No. 5 of the 2024 3rd E.S., the provision of Act No. 5 of the 2024 3rd E.S. shall prevail and be given effect.

New law is applicable to corporate franchise tax periods beginning on or after Jan. 1, 2026.

Effective January 1, 2026.

(Amends R.S. 47:287.750(E)(1), 6005(C)(1), 6006(A) and (B)(1)(intro. para.), (2), and (4), 6006.1(A), (B)(intro. para.), (1), (3), and (4), and (C), 6008(A), 6013(A), 6014(A), (B), and (C)(1) and (3)-(5), 6015(B)(1) and (2), (C)(3)(a) and (d)(i), (D)(2)(intro. para.), and (K), 6017(A), 6018(B), (D)(intro. para.), and (E), 6019(A)(1)(a)(i) and (3)(a) and (b)(ii)(aa) and (dd)(I), 6020(D)(2)(a) and (3)(a) and (d)(i), 6022(E)(1)(a), (b), and (e)(intro. para.), 6028(C)(intro. para.) and (D)(1) and (2), 6032(A) and (D), 6033(C)(intro. para.) and (D)(1) and (2), 6036(C)(1)(a)(intro. para.) and (I)(2)(a)(i) and (b), 6105(A), 6107(A) and (B), and 6108(A) and (B)(intro. para.), (1), (3), and (4) and R.S. 51:1787(A)(2)(a) and (b) and (G), and 2399.3(A)(1) and (3)(a) and (d)(i); Repeals R.S. 47:601 - 618, 3204(H)(1), (I)(1)(a), and (J)(1), and 4305(B)(1))