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## DIGEST

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HB 824 Original

2015 Regular Session

Jay Morris

**Abstract:** Establishes an alternative minimum tax for purposes of taxation based upon certain corporations' economic activity in La.

Present law imposes a tax upon corporation income as follows:

- (1) 4% on the first \$25,000 of net income.
- (2) 5% on net income above \$25,000 but less than \$50,000.
- (3) 6% on net income above \$50,000 but less than \$100,000.
- (4) 7% on net income above \$100,000 but less than \$200,000.
- (5) 8% on all net income in excess of \$200,000.

Proposed law retains present law and establishes a new tax, the alternative minimum tax, for purposes of a minimum level of taxation upon the economic activity in La. of certain corporations and other entities which are treated and taxed as part of a unitary business or combined group for federal income tax purposes. Each such corporation is subject to the state corporation income tax under present law, and shall pay the greater of the corporation income tax or the alternative minimum tax imposed under proposed law.

Proposed law provides definitions including those for "corporation", "La. business activity", and "unitary business."

Proposed law defines "La. business activity" as follows:

- (1) Fifty percent of the sum of:
  - (a) The taxpayer's total amount of taxable capital attributable to Louisiana as determined for purposes of state corporation franchise tax.
  - (b) The taxpayer's Louisiana net income pursuant to R.S. 47:287.91 less any amount paid in corporation franchise tax within taxable period.

Proposed law provides that the rate of the tax shall be computed as follows:

- (1) No tax upon the first \$100,000 of La. economic activity.
- (2) 0.75% upon La. economic activity in excess of \$100,000 but less than \$500,000.
- (3) 1.5% upon all La. economic activity in excess of \$500,000.

Applicable for taxable periods beginning on and after January 1, 2016.

Effective if and when House Bill No. 775 of this 2015 R.S. is enacted and becomes effective.

(Adds R.S. 47:289.1 and 289.2)