
DIGEST

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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)