HLS 201ES-32 ENGROSSED

2020 First Extraordinary Session

HOUSE BILL NO. 17

BY REPRESENTATIVE BISHOP

TAX/CORP FRANCHISE: Suspends the corporation franchise tax levied on certain taxable capital and suspends the initial corporation franchise tax levied on certain entities (Item #16)

1 AN ACT

To amend and reenact R.S. 47:601(A) and 611(A), relative to the state corporation franchise tax; to suspend the corporation franchise tax levied on certain taxable capital during a certain period of time; to suspend the initial tax levied on certain entities during a certain period of time; to provide for effectiveness; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

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Section 1. R.S. 47:601(A) and 611(A) are hereby amended and reenacted to read as follows:

§601. Imposition of tax

A.(1) Every domestic corporation and every foreign corporation, exercising its charter, or qualified to do business or actually doing business in this state, or owning or using any part or all of its capital, plant, or any other property in this state, subject to compliance with all other provisions of law, except as otherwise provided for in this Chapter shall pay an annual tax at the rate of one dollar and fifty cents for each one thousand dollars, or major fraction thereof on the first three hundred thousand dollars of taxable capital and at the rate of three dollars for each one thousand dollars, or major fraction thereof, which exceeds three hundred thousand dollars of taxable capital. Taxable capital shall be determined as hereinafter

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| 1 | provided. The tax levied herein is due and payable on any one or all of the following |
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| 2 | alternative incidents: |
| 3 | (1)(a) The qualification to carry on or do business in this state or the actual |
| 4 | doing of business within this state in a corporate form. The term "doing business" |
| 5 | as used herein shall mean and include each and every act, power, right, privilege, or |
| 6 | immunity exercised or enjoyed in this state, as an incident to or by virtue of the |
| 7 | powers and privileges acquired by the nature of such organizations, as well as, the |
| 8 | buying, selling, or procuring of services or property. |
| 9 | (2)(b) The exercising of a corporation's charter or the continuance of its |
| 10 | charter within this state. |
| 11 | (3)(c) The owning or using any part or all of its capital, plant, or other |
| 12 | property in this state whether owned directly or indirectly by or through a |
| 13 | partnership, joint venture, or any other business organization of which the domestic |
| 14 | or foreign corporation is a related party as defined in R.S. 47:605.1. |
| 15 | (2) The annual franchise tax levied at the rate of one dollar and fifty cents |
| 16 | for each one thousand dollars, or major fraction thereof on the first three hundred |
| 17 | thousand dollars of taxable capital pursuant to the provisions of Paragraph (1) of this |
| 18 | Subsection shall be inapplicable, inoperative, and of no effect for franchise taxable |
| 19 | periods beginning between July 1, 2020, and June 30, 2024. |
| 20 | * * * |
| 21 | §611. Newly taxable corporation |
| 22 | A.(1) Every corporation or other entity subject to the franchise tax shall pay |
| 23 | only an initial tax of one hundred ten dollars in the first accounting period or fraction |
| 24 | thereof in which it becomes subject to the tax levied herein. The tax is first due |
| 25 | immediately on the corporation's becoming taxable under this Chapter and is payable |
| 26 | on or before the fifteenth day of the fourth month after the month in which the tax |
| 27 | is due. After the first closing of the corporate books, the tax is payable as provided |
| | |

in R.S. 47:609, subject to the minimum tax as provided in this Subsection.

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1 (2) The initial franchise tax of one hundred ten dollars in the first accounting 2 period or fraction thereof in which the entity becomes subject to the tax levied 3 pursuant to the provisions of Paragraph (1) of this Subsection shall be inapplicable, 4 inoperative, and of no effect for franchise taxable periods beginning between July 5 1, 2020, and June 30, 2024. 6 7 Section 2. This Act shall become effective on July 1, 2020; if vetoed by the governor 8 and subsequently approved by the legislature, this Act shall become effective on July 1, 9 2020, or on the day following such approval by the legislature, whichever is later.

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 17 Engrossed

2020 First Extraordinary Session

Bishop

Abstract: Suspends the annual franchise tax levied at the rate of \$1.50 for each \$1,000, or major fraction thereof on the \$300,000 of taxable capital and the initial franchise tax of \$110 for franchise taxable periods beginning between July 1, 2020, through June 30, 2024.

<u>Present law</u> levies an annual corporation franchise tax on every corporation exercising its charter or qualified to do business or actually doing business in this state at the following rates:

- (1) \$1.50 for each \$1,000, or major fraction thereof on the first \$300,000 of taxable capital.
- (2) \$3.00 for each \$1,000, or major fraction thereof, which exceeds \$300,000 of taxable capital.

<u>Proposed law</u> suspends the annual franchise tax levied at the rate of \$1.50 for each \$1,000, or major fraction thereof on the \$300,000 of taxable capital for franchise taxable periods beginning between July 1, 2020, through June 30, 2024.

<u>Present law</u> levies an initial tax of \$110 in the first accounting period in which an entity becomes subject to the corporation franchise tax. The tax is first due immediately on the entity becoming taxable under <u>present law</u> and is payable on or before the 15th day of the 4th month after the month in which the tax is due.

<u>Proposed law</u> suspends the initial franchise tax of \$110 in the first accounting period in which the entity becomes subject to the corporation franchise tax for franchise taxable periods beginning between July 1, 2020, through June 30, 2024.

Effective July 1, 2020.

(Amends R.S. 47:601(A) and 611(A))

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