2017 Regular Session

HOUSE BILL NO. 248

BY REPRESENTATIVES JAMES AND DAVIS

TAX/CORP FRANCHISE: Provides relative to exemptions from the corporation franchise tax

1	AN ACT
2	To amend and reenact R.S. $47:601(C)(1)(c)$, relative to the corporation franchise tax; to
3	provide for exemptions; to provide for effectiveness; and to provide for related
4	matters.
5	Be it enacted by the Legislature of Louisiana:
6	Section 1. R.S. $47:601(C)(1)(c)$ is hereby amended and reenacted to read as follows:
7	§601. Imposition of tax
8	* * *
9	C.(1) As used herein the term "domestic corporation" shall mean and include
10	any of the following:
11	* * *
12	(c) Nothing in this Subsection shall extend franchise tax liability to any
13	limited of the following:
14	(i) A limited liability company qualified and eligible to make an election to
15	be taxed in accordance with the provisions of 26 U.S.C. Subtitle A, Chapter 1,
16	Subchapter S on the first day of its fiscal or annual year, or to any other entity that
17	was acquired before January 1, 2014, but not earlier than January 1, 2012, by an
18	entity that was taxed pursuant to 26 U.S.C. Subtitle A, Chapter 1, Subchapter S.

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	(ii) A limited liability company that files as a Real Estate Investment Trust
2	for federal income tax purposes and has one hundred percent of its common shares
3	owned by a tax-exempt organization.
4	* * *
5	Section 2. This Act shall become effective on January 1, 2018.

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)]

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Abstract: Exempts certain limited liability companies from the corporation franchise tax.

<u>Present law</u> establishes the corporation franchise tax. The tax is levied on every domestic and foreign corporation exercising its charter, qualified to do business, or actually doing business in La. For purposes of the corporation franchise tax, limited liability companies are treated and taxed in the same manner that they are treated and taxed for federal income tax purposes.

Present law provides an exemption from the tax for certain limited liability companies.

<u>Proposed law</u> retains <u>present law</u> and extends the exemption from the tax to a limited liability company that files as a Real Estate Investment Trust for federal income tax purposes and has 100% of its common shares owned by a tax-exempt organization.

Effective Jan. 1, 2018.

(Amends R.S. 47:601(C)(1)(c))