

2023 Regular Session

HOUSE BILL NO. 491

BY REPRESENTATIVE MARCELLE

TAX/STATE: Repeals the automatic reduction in individual income tax rates and the corporation franchise tax rate if certain revenue thresholds are met

1 AN ACT

2 To repeal R.S. 47:32.1 and 601.2, relative to income and corporation franchise taxes; to
3 repeal the automatic rate reduction triggers for individual income tax and corporation
4 franchise tax; to provide for an effective date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:32.1 and 601.2 are hereby repealed in their entirety.

7 Section 2. This Act shall become effective upon signature by the governor or, if not
8 signed by the governor, upon expiration of the time for bills to become law without signature
9 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
10 vetoed by the governor and subsequently approved by the legislature, this Act shall become
11 effective on the day following such approval.

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 491 Original

2023 Regular Session

Marcelle

Abstract: Repeals the automatic reductions in the individual income tax rates and the corporation franchise tax rate if certain revenue thresholds are met.

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 (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, beginning Jan. 1, 2023, that the rate of the tax shall be \$2.75 per \$1,000 of taxable capital above \$300,000.

Proposed law retains present law.

Present law requires the reduction of each individual income tax rate if, beginning April 1, 2024, and each April first thereafter through 2034, the prior fiscal year's actual individual income tax collections as reported in the state's accounting system exceed the actual individual income tax collections for the fiscal year ending June 30, 2019, adjusted annually by the growth factor provided for in present constitution. If the conditions in present law are met, individual income tax rates are reduced beginning the following January first.

Present law requires the reduction of the corporation franchise tax rate if, beginning April 1, 2024, and each April first thereafter the prior fiscal year's actual corporation income and franchise tax collections as reported in the state's accounting system exceed the actual corporation income and franchise tax collections for the fiscal year ending June 30, 2019, adjusted annually by the growth factor provided for in present constitution. If the conditions in present law are met, corporation franchise tax rates are reduced beginning the following Jan. first.

Present law requires the reduced rate of these taxes to be calculated by multiplying each current rate by the difference between one and the percentage change in each of these tax collections in excess of the tax collections for each of these taxes for Fiscal Year 2018-2019 adjusted annually by the growth factor as provided for in present constitution. Further prohibits this reduction unless both of the following conditions are met:

- (1) The prior fiscal year's actual total tax, licenses, and fees exceed the actual total tax, licenses, and fees for Fiscal Year 2018-2019, adjusted annually by the growth factor provided for in present constitution.
- (2) The Budget Stabilization Fund balance as determined by the treasurer is at least 2.5% of the total state revenue receipts from the prior fiscal year.

Proposed law repeals present law.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Repeals R.S. 47:32.1 and 601.2)