2021 Regular Session

SENATE BILL NO. 161

BY SENATOR ALLAIN

1	AN ACT
2	To amend and reenact R.S. 47:601(A)(introductory paragraph) and 601.1(A)(1) and to enact
3	R.S. 47:601(D) and 601.2, relative to the corporation franchise tax and the
4	suspension of the corporation franchise tax on the first three hundred thousand
5	dollars of taxable capital for small business corporations; to provide for the
6	applicable tax periods of the suspension; to provide for the rates of tax; to provide
7	an automatic rate reduction trigger; to provide for effectiveness; and to provide for
8	related matters.
9	Be it enacted by the Legislature of Louisiana:
10	Section 1. R.S. 47:601(A)(introductory paragraph) is hereby amended and reenacted
11	and R.S. 47:601(D) and 601.2 are hereby enacted to read as follows:
12	§601. Imposition of tax
13	A. Every domestic corporation and every foreign corporation, exercising its
14	charter, or qualified to do business or actually doing business in this state, or owning
15	or using any part or all of its capital, plant, or any other property in this state, subject
16	to compliance with all other provisions of law, except as otherwise provided for in
17	this Chapter shall pay an annual tax at the rate of one dollar and fifty cents for each
18	one thousand dollars, or major fraction thereof on the first three hundred thousand
19	dollars of taxable capital and at the rate of three dollars for each one thousand
20	dollars, or major fraction thereof, which exceeds three hundred thousand dollars of
21	based on its taxable capital at the rates provided in Subsection D of this Section.
22	Taxable capital shall be determined as hereinafter provided in this Chapter. The tax
23	levied herein in this Section is due and payable on any one or all of the following
24	alternative incidents:

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1	* * *
2	D. (1) For taxable periods beginning before January 1, 2023, the annual
3	rates of tax shall be one dollar and fifty cents for each one thousand dollars, or
4	major fraction thereof, on the first three hundred thousand dollars of taxable
5	capital and three dollars for each one thousand dollars, or major fraction
6	thereof, in excess of three hundred thousand dollars of taxable capital.
7	(2) Except as otherwise provided in R.S. 47:601.1 or 601.2, for taxable
8	periods beginning on or after January 1, 2023, the annual rate of tax shall be
9	two dollars and seventy-five cents for each one thousand dollars, or major
10	fraction thereof, in excess of three hundred thousand dollars of taxable capital.
11	* * *
12	§601.2. Automatic rate reduction
13	A.(1) Beginning April 1, 2024, and each April first thereafter, if the prior
14	fiscal year's actual corporation income and franchise tax collections as reported
15	in the state's accounting system exceed the actual corporation income and
16	franchise tax collections for the fiscal year ending June 30, 2019, as reported in
17	the state's accounting system, adjusted annually by the growth factor provided
18	for in Article VII, Section 10(C) of the Constitution, the corporation franchise
19	tax rate in R.S. 47:601 for the tax year beginning the following January first
20	shall be reduced as provided in Paragraph (2) of this Subsection.
21	(2) The reduced rate shall be calculated by multiplying the current rate
22	by the difference between one and the percentage change in corporation income
23	and franchise tax collections in excess of the corporation income and franchise
24	tax collections for Fiscal Year 2018-2019 adjusted annually by the growth factor
25	as provided in Paragraph (1) of this Subsection. A rate reduction shall be made
26	only if both of the following conditions are met:
27	(a) The prior fiscal year's actual total tax, licenses, and fees exceed the
28	actual total tax, licenses, and fees for Fiscal Year 2018-2019, adjusted annually
29	by the growth factor in Article VII, Section 10(C) of the Constitution of
30	Louisiana.

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1	(b) The Budget Stabilization Fund balance as determined by the
2	treasurer is at least two and one-half percent of the total state revenue receipts
3	from the prior fiscal year.
4	B. The actual corporation income and franchise tax collections and
5	actual total tax, licenses, and fees used in the calculations required by this
6	Section shall be certified by the Office of Statewide Reporting and Accounting
7	Policy.
8	C. (1) "Growth factor provided for in Article VII, Section 10(C) of the
9	Constitution " means the positive growth factor that is the most recent average
10	annual percentage rate of change of personal income for Louisiana as defined
11	and reported by the United States Department of Commerce for the three
12	calendar years prior to the fiscal year in which this calculation is made.
13	(2) "Actual total tax, licenses, and fees" means actual total tax, licenses,
14	and fees as reported to the Revenue Estimating Conference.
15	Section 2. R.S. $47:601.1(A)(1)$ is hereby amended and reenacted to read as follows:
16	§601.1. Suspension of the corporate franchise tax applicable to small business
17	corporations
18	A.(1) Notwithstanding any provision of law to the contrary, the state
19	corporation franchise tax levied on corporations at the rate of one dollar and fifty
20	cents for each one thousand dollars, or major fraction thereof, on the first three
21	hundred thousand dollars of taxable capital pursuant to the provisions of R.S.
22	47:601(A) shall not apply to small business corporations for franchise taxable
23	periods beginning between July 1, 2020, and June 30, 2021 July 1, 2023.
24	* * *
25	Section 3. Section 1 of this Act shall take effect for franchise taxable periods
26	beginning on and after January 1, 2023 if the proposed amendment of Article VII, Section
27	4(A) of the Constitution of Louisiana contained in the Act which originated as Senate Bill
28	No. 159 of this 2021 Regular Session of the Legislature is adopted at the statewide election
29	to be held on October 9, 2021, and becomes effective and if both of the Acts that originated
30	as House Bill No. 278 and House Bill No. 292 of this 2021 Regular Session of the

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Legislature are enacted and become law.
Section 4. This Section, Section 2, and Section 3 of this Act shall become effective
upon signature by the governor or, if not signed by the governor, upon expiration of the time
for bills to become law without signature by the governor, as provided by Article III, Section
18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved
by the legislature, this Act shall become effective on the day following such approval.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____