

2023 Regular Session

HOUSE BILL NO. 154

BY REPRESENTATIVE BEAULLIEU

TAX/INCOME TAX: Establishes an income tax exemption for certain veteran-owned businesses

1 AN ACT

2 To enact R.S. 47:287.738(I), 293(9)(a)(xxvi), 297.23, and 6043, relative to income tax; to
3 provide a corporate income tax exemption for certain veteran-owned businesses; to
4 provide an individual income tax exemption for income received from certain
5 veteran-owned businesses; to provide for requirements and qualifications with
6 respect to the exemption; to provide for the amount of the exemption; to provide for
7 periods of time in which the exemption may be claimed; to provide a termination
8 date for the exemption; to provide for definitions; to provide for applicability; and
9 to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 47:287.738(I), 293(9)(a)(xxvi), 297.23, and 6043 are hereby enacted
12 to read as follows:

13 §287.738. Other inclusions and exclusions from gross income

14 * * *

15 I. Exemption for income of qualifying veteran-owned businesses. Subject
16 to the provisions of R.S. 47:6043, there shall be allowed for each taxable year an
17 exemption for income of qualifying veteran-owned businesses as defined in R.S.
18 47:6043.

19 * * *

1 §293. Definitions

2 The following definitions shall apply throughout this Part, unless the context
3 requires otherwise:

4 * * *

5 (9)(a) "Tax table income", for resident individuals, means adjusted gross
6 income plus interest on obligations of a state or political subdivision thereof, other
7 than Louisiana and its municipalities, title to which obligations vested with the
8 resident individual on or subsequent to January 1, 1980, and less:

9 * * *

10 (xxvi) The exemption for income received from qualifying veteran-owned
11 businesses provided for in R.S. 47:297.23.

12 * * *

13 §297.23. Tax exemption; income received from qualifying veteran-owned
14 businesses

15 A. For purposes of this Section, "qualifying veteran-owned business" shall
16 have the meaning ascribed in R.S. 47:6043.

17 B. Subject to the requirements and limitations provided in this Section, any
18 resident individual taxpayer required to file a Louisiana tax return, acting as a
19 business entity authorized to do business in this state, operating as either a sole
20 proprietorship, a partner in a partnership, or as a Subchapter S corporation, and
21 subject to the personal income tax imposed by this Part shall be allowed an
22 exemption for income received from a qualifying veteran-owned business that did
23 not elect to file a Louisiana corporation income tax return pursuant to R.S.
24 47:287.732.2 or was not eligible to make such an election.

25 C.(1) An individual taxpayer to whom the provisions of Subsection A of this
26 Section apply shall be allowed an exemption in an amount not greater than fifty
27 thousand dollars for income received in a taxable year from one or more qualifying
28 veteran-owned businesses to which the provisions of Subsection A of this Section
29 apply.

1 (2) The total amount of tax-exempt individual income associated with a
2 single qualifying veteran-owned business shall be no greater than fifty thousand
3 dollars in any taxable year regardless of the number of individual taxpayers eligible
4 for the tax exemption for income received from that business.

5 D. Subject to the limitation provided in Subsection E of this Section, the
6 exemption authorized by this Section shall be allowed to an individual in consecutive
7 taxable years for no more than four taxable years.

8 E. The final taxable year for which an individual may first claim the
9 exemption allowed by this Section shall be the taxable year beginning on January 1,
10 2028. If an individual to whom this exemption is allowed first claims the exemption
11 for a taxable year beginning on or before January 1, 2028, then the individual may
12 continue to claim the exemption for the duration provided in Subsection D of this
13 Section. No individual may first claim the exemption for a taxable year beginning
14 after January 1, 2028.

15 F. The exemption provided for in this Section shall not be allowed for any
16 taxable year beginning on or after January 1, 2032.

17 * * *

18 §6043. Tax exemption; income of qualifying veteran-owned businesses

19 A. For purposes of this Section, the following terms shall have the meanings
20 ascribed to them in this Subsection:

21 (1) "Qualifying veteran-owned business" means and includes any business
22 of which at least fifty-one percent is owned by one or more veterans and that meets
23 all of the following requirements:

24 (a) The business has completed the Louisiana Veteran Initiative certification
25 program of the Department of Economic Development or any successor to that
26 program.

27 (b) At least one veteran owner of the business has completed the Pathway
28 to Assist Veteran Entrepreneurs program of the Department of Economic
29 Development or any successor to that program.

1 (c) The business is a new business entity formed or registered to do business
2 in this state on or after August 1, 2023.

3 (d) The business is not formed from a reorganization as defined in R.S.
4 47:1574.3(B).

5 (2) "Veteran" shall have the meaning ascribed in R.S. 51:3203.

6 B. Fifty thousand dollars of income of a qualifying veteran-owned business
7 shall be exempt from corporate income tax in a taxable year. Subject to the
8 limitation provided in Subsection C of this Section, this exemption shall be allowed
9 to a qualifying veteran-owned business in consecutive taxable years for no more than
10 four taxable years.

11 C. The final taxable year for which a qualifying veteran-owned business may
12 first claim the exemption allowed by this Section shall be the taxable year beginning
13 on January 1, 2028. If a business to which this exemption is allowed first claims the
14 exemption for a taxable year beginning on or before January 1, 2028, then the
15 business may continue to claim the exemption for the duration provided in
16 Subsection B of this Section. No business may first claim the exemption for a
17 taxable year beginning after January 1, 2028.

18 D. The exemption provided for in this Section shall not be allowed for any
19 taxable year beginning on or after January 1, 2032.

20 Section 2. The provisions of this Act shall apply to taxable periods beginning on or
21 after January 1, 2024.

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 154 Original

2023 Regular Session

Beaulieu

Abstract: Establishes corporate and individual income tax exemptions for certain veteran-owned businesses.

General Provisions

Proposed law establishes corporate and individual income tax exemptions for qualifying veteran-owned businesses.

Proposed law defines "qualifying veteran-owned business", for purposes of proposed law, as any business of which at least 51% is owned by one or more veterans and which meets all of the following requirements:

- (1) The business has completed the La. Veteran Initiative certification program of the Dept. of Economic Development or any successor to that program.
- (2) At least one veteran owner of the business has completed the Pathway to Assist Veteran Entrepreneurs program of the Dept. of Economic Development or any successor to that program.
- (3) The business is a new business entity formed or registered to do business in this state on or after Aug. 1, 2023.
- (4) The business is not formed from a reorganization as defined in present law (R.S. 47:1574.3(B)).

Exemption from Corporate Income Tax

Proposed law provides that \$50,000 of income of a qualifying veteran-owned business shall be exempt from corporate income tax in a taxable year.

Subject to the provisions of proposed law establishing the final taxable year for which a qualifying veteran-owned business may first claim the exemption (addressed immediately below), proposed law allows the exemption for a qualifying veteran-owned business in consecutive years for no more than four years.

Proposed law stipulates that the final taxable year for which a qualifying veteran-owned business may first claim the exemption shall be the taxable year beginning on Jan. 1, 2028. Provides that if a business to which this exemption is allowed first claims the exemption for a taxable year beginning on or before Jan. 1, 2028, then the business may continue to claim the exemption for the four-year period allowed by proposed law. Prohibits businesses from making any first-time claim of the exemption in any taxable year beginning after Jan. 1, 2028.

Proposed law provides that the corporate income tax exemption authorized therein shall not be allowed for any taxable year beginning on or after Jan. 1, 2032.

Exemption from Individual Income Tax

Proposed law provides that any resident individual taxpayer required to file a La. tax return, acting as a business entity authorized to do business in this state, operating as either a sole proprietorship, a partner in a partnership, or as a Subchapter S corporation, and subject to state income tax shall be allowed an exemption for income received from a qualifying veteran-owned business that did not elect to file a La. corporation income tax return pursuant to present law, R.S. 47:287.732.2, or was not eligible to make such an election.

Proposed law provides that an individual taxpayer meeting the qualifications listed above shall be allowed an exemption of no more than \$50,000 for income received in a taxable year from one or more qualifying veteran-owned businesses.

Proposed law limits the total amount of tax-exempt individual income associated with a single qualifying veteran-owned business to \$50,000 in any taxable year regardless of the number of individual taxpayers eligible for the tax exemption for income received from that business.

Subject to the provisions of proposed law establishing the final taxable year for which an individual may first claim the exemption (addressed immediately below), proposed law allows the exemption for an individual in consecutive years for no more than four years.

Proposed law stipulates that the final taxable year for which an individual may first claim the exemption for income received from a qualifying veteran-owned business shall be the taxable year beginning on Jan. 1, 2028. Provides that if an individual to which this exemption is allowed first claims the exemption for a taxable year beginning on or before Jan. 1, 2028, then the individual may continue to claim the exemption for the four-year period allowed by proposed law. Prohibits individuals from making any first-time claim of the exemption in any taxable year beginning after Jan. 1, 2028.

Proposed law provides that the individual income tax exemption authorized therein shall not be allowed for any taxable year beginning on or after Jan. 1, 2032.

Proposed law applies to taxable periods beginning on or after Jan. 1, 2024.

(Adds R.S. 47:287.738(I), 293(9)(a)(xxvi), 297.23, and 6043)