

2015 Regular Session

HOUSE BILL NO. 827

BY REPRESENTATIVE HENRY

TAX/CORP INCOME: Phases out corporation income tax

1 AN ACT

2 To amend and reenact R.S. 47:287.11 and to enact R.S. 47:32(D), relative to the phasing-out
3 of certain taxes levied on corporations; to provide for a reduction and eventual
4 elimination of the corporation income tax over a certain period of time; to provide
5 for an effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:287.11 is hereby amended and reenacted and R.S. 47:32(D) is
8 hereby enacted to read as follows:

9 §32. Rates of tax

10 * * *

11 D.(1) Notwithstanding the provisions of Subsection C of this Section, the
12 rates applicable to each class of taxpayer as set forth in Subsection A of this Section
13 shall be as follows:

14 (a) For tax years beginning during 2015, eighty percent of the rates provided
15 for in Subsection C of this Section.

16 (b) For tax years beginning during 2016, sixty percent of the rates provided
17 for in Subsection C of this Section.

18 (c) For tax years beginning during 2017, forty percent of the rates provided
19 for in Subsection C of this Section.

1 (d) For taxable years beginning on or after January 1, 2018, and before
2 January 1, 2019, twenty percent.

3 (2) For taxable years beginning on or after January 1, 2019, no corporation
4 income tax shall be assessed, levied, or collected by the state nor paid by domestic
5 or foreign corporations on taxable income.

6 E. Insurance companies shall not be subject to this Part but shall continue to
7 be taxed pursuant to the provisions of R.S. 47:21 and ~~R.S. 47:221~~ et seq., and as
8 otherwise provided by law.

9 Section 2. This Act shall become effective upon signature by the governor or, if not
10 signed by the governor, upon expiration of the time for bills to become law without signature
11 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
12 vetoed by the governor and subsequently approved by the legislature, this Act shall become
13 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 827 Original

2015 Regular Session

Henry

Abstract: Provides for the phasing-out of the corporation income tax over a period of 5 years.

Present law (R.S. 47:32(C)) provides for a tax to be assessed, levied, collected, and paid upon the taxable income of corporations to be computed as follows:

- (1) 4% on the first \$25,000.
- (2) 5% on amounts between \$25,001 and \$50,000.
- (3) 6% on amounts between \$50,001 and \$100,000.
- (4) 7% on amounts between \$100,001 and \$200,000.
- (5) 8% on all amounts above \$200,000.

Proposed law changes present law by requiring a phase out of the state tax on the net income of corporations as follows:

- (1) For tax years beginning during 2015, 80% of the rates provided for in present law.
- (2) For tax years beginning during 2016, 60% of the rates provided for in present law.

- (3) For tax years beginning during 2017, 40% of the rates provided for in present law.
- (4) For tax years beginning during 2018, 20% of the rates provided for in present law.
- (5) No tax shall be assessed, levied, collected, or paid upon the income of a corporation for any tax year commencing on or after Jan. 1, 2019.

Present law (R.S. 47:287.2 et seq) establishes the corporation income tax and levies such tax on corporations and entities taxed as corporations for federal income tax purposes.

Proposed law phases out present law, as more fully explained below.

Present law further provides that such tax is not levied on insurance companies.

Proposed law retains present law.

Present law provides that the tax shall be levied on Louisiana taxable income at the following rates:

- (1) 4% on the first \$25,000.
- (2) 5% on amounts between \$25,001 and \$50,000.
- (3) 6% on amounts between \$50,001 and \$100,000.
- (4) 7% on amounts between \$100,001 and \$200,000.
- (5) 8% on all amounts above \$200,000.

Proposed law retains present law but provides that the amounts levied under present law shall be reduced by a cumulative 20% each year over the next 5 years until the amount levied is eliminated. Proposed law further provides that in taxable years beginning on or after Jan. 1, 2019, no corporation income tax shall be assessed or paid.

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

(Amends R.S. 47:287.11; Adds R.S. 47:32(D))