LABI

Business is Paying More than Its "Fair Share" in Louisiana

Updated February 2019

Louisiana's business climate faces well-documented, perennial challenges: an unfriendly legal environment, an under-skilled workforce, and an unnecessarily complex tax system, among others. Louisiana's business tax climate is currently ranked #44 in the nation as a result of this complicated framework as well as the imposition of numerous taxes on businesses that other states do not impose. The inventory tax, high state and local sales taxes on business inputs such as utilities and manufacturing machinery and equipment (MM&E), and an expanding franchise tax top the list of uncompetitive taxes imposed on Louisiana businesses.

Louisiana business taxes are estimated at **$10.1 billion annually for state and local government.** In fact, **Louisiana ranked #1 in the nation for the annual increase in state and local business taxes** from 2016 to 2017 – largely as a result of action by elected officials to increase collections of corporate income and franchise tax, raise the sales tax rate, and expand the business inputs to which sales tax applies. An executive order in 2016 also significantly limited the Industrial Tax Exemption Program (ITEP), resulting in no financial benefit to the state but requiring increased property tax payments to local government.

The Council On State Taxation (COST) reports that business taxes grew two percent on average across the U.S. while **increasing an estimated 12.5 percent in Louisiana**. For a closer comparison, Texas grew state and local business taxes by 3.3 percent, while Mississippi and Arkansas reduced by 0.6 percent and 0.9 percent respectively.

National data confirms the sizeable increase in business taxes projected by the Louisiana Legislative Fiscal Office in each of the more than 30 bills passed by the Legislature raising business taxes from 2015 to 2018. (See attached spreadsheet.) In just three years, **the totality of this legislation required an additional $3.2 billion from Louisiana businesses** for the operations of state and local government. While some of these changes were temporary, more than 20 bills made permanent changes to Louisiana tax policy to drive up tax revenue from employers. Unfortunately, **most of the new tax policy has only served to further complicate and burden Louisiana businesses, as state rankings for tax competitiveness fall even further**.

COST data indicates **Louisiana businesses pay 40 percent of all state taxes and 58 percent of all local taxes** for a total of just under half of all taxes collected in Louisiana (49%). Of note, **Louisiana businesses fund state and local government at or above the national average,** where businesses pay 38 percent of state taxes, 52 percent of local taxes, and a total of 44 percent of all state/local taxes in the United States.

In addition to the three major categories of property, sales, and income tax examined in detail below, large categories of business taxes in Louisiana include **severance tax, excise taxes, and business and occupational licenses,** totaling hundreds of millions of dollars annually for state and local government.

A CLOSER LOOK AT BUSINESS SALES TAXES

In recent years, **business paid an estimated 47 percent of all sales taxes collected in the state.** Businesses in Louisiana pay sales taxes on everything from office equipment to certain cleaning services to some software. A Louisiana manufacturer, for example, pays sales taxes on processing chemicals, gaskets and cables, filters and timing belts, security equipment, uniforms, office supplies, trailer and forklift rentals, cranes and tank rentals, vehicle repairs, and more.

Sales taxes make up 37 percent of all taxes paid by business in the state, when on average nationally, sales taxes make up only 21 percent of the business tax burden. Louisiana businesses paid an estimated $3.7 billion in sales taxes to state and local government in 2017.

Louisiana is one of only three states to receive an F in a national sales tax scorecard. Including Louisiana, only two states in the country imposed a sales tax on manufacturing raw materials in 2018, only nine states taxed manufacturing machinery and equipment, and just 12 states taxed manufacturing utilities. Before and after the temporary sales taxes enacted in 2016, businesses in Louisiana are subject to the **highest local sales tax in the nation on manufacturing machinery.** LSU economists predict an increased MM&E sales tax in Louisiana would lead to a **potential loss of $19 billion in planned projects** and the immediate reduction in maintenance and turnarounds, resulting in $6.9 billion in lost earnings for workers and **$414 million in foregone state taxes.**

To quote the Tax Foundation: "[Not taxing business inputs] is not because businesses deserve special treatment under the tax code, but because **applying the sales tax to business inputs results in multiple layers of taxation** embedded in the price of goods once they reach final consumers, known as 'tax pyramiding.' The result is higher and inequitable effective tax rates for different industries and products."

Furthermore, Louisiana is one of only two states that continue to allow **local jurisdictions to collect and audit sales taxes,** and the state has an estimated 370 separate sales tax jurisdictions. In the aftermath of the *Wayfair* decision by the U.S. Supreme Court, it remains to be seen if local governing bodies will move toward centralized collections in order to collect revenue from online sales – and if that same reform will be extended to brick-and-mortar businesses.

A CLOSER LOOK AT BUSINESS PROPERTY TAXES

Similarly, despite political rhetoric that tax incentives have negated all business property tax, **32 percent of taxes paid by business in Louisiana is for property tax,** which is slightly lower than most of the nation (39%). **Louisiana businesses paid an estimated $3.2 billion in property taxes** in 2017.

The Louisiana Tax Commission estimates business pays the majority of property taxes collected in the state. Even without agricultural and timber lands utilized in commerce, Louisiana businesses actually pay property tax at a rate 50 percent higher than individuals. Unlike homeowners, the inventory, machinery, equipment, and even office furniture of business is also taxed.

Louisiana is one of only 10 states with a statewide inventory tax assessed on tangible personal property used in a business. Examples of taxable items include retail or wholesale merchandise, commodities from farms, repair parts, and manufacturing by-products, among others. In 1991, in a major step to make the state more competitive for business investment and jobs, the Louisiana Legislature authorized a state refund of the local inventory tax paid by such businesses, which has since been diminished to 75 percent with limited refundability. In essence, the state has chosen to subsidize local governments, allowing them to keep the revenue from this uncompetitive tax estimated at roughly $500 million annually.

The hottest topic in business property taxes is the Industrial Tax Exemption Program (ITEP). In June 2016, Governor John Bel Edwards initiated seismic changes with an Executive Order to the temporary local property tax exemption for new and growing manufacturers. The newest version of the rules limit the amount of the exemption and the work that qualifies for the exemption, while authorizing local government to create their own policies to approve or reject the abatement in addition to the state. **A patchwork of policies and authorities has led to widespread confusion among employers and local government alike.** (See LABI's February 2019 policy brief on ITEP.)

Despite these major changes, critics continue to spread misinformation and insist that more taxes should be collected from Louisiana employers. Parishes with high levels of ITEP tend to have higher property tax collections per capita, higher sales tax per capita, and higher wages than other areas of the state. **Thirty-nine states offer incentives to manufacturers that are similar to the new version of Louisiana's ITEP with similar exemption periods and percentages.** In fact, 26 states offer a version of ITEP to other industries, not only manufacturers.

A CLOSER LOOK AT CORPORATE INCOME TAX

The focus of much attention in recent legislative sessions is the **corporate income tax,** which totaled $478 million in the Fiscal Year 2018 when combined with the **franchise tax.** It should be noted that corporate income tax is a volatile revenue source in every state and makes up just 3.7 percent of all state and local tax revenue; it currently makes up one percent of tax revenue in Louisiana.

A major reason that corporate income tax collections appear low nationwide is because the vast majority of American businesses – sole proprietorships, LLCs, and other partnerships – pay income taxes as individuals, **passing business income through to their individual income taxes** and not through the corporate tax. In fact, the Tax Foundation reports that U.S. pass-through businesses now make up 92% of all businesses, accounting for more than half of business income in the country, and employ more than half the private-sector workforce. The tax revenue from these enterprises is collected and reported as individual income tax.

Corporate tax exemptions are frequently blamed for Louisiana's current budget crisis. Exemptions have been necessary in Louisiana to overcome poor tax policy and **a high corporate income tax rate** as well as the imposition of the franchise tax on top of that, which only 14 states impose.

Louisiana's franchise tax was increased and expanded to even more companies in 2016 and must be paid regardless of profitability; the **franchise tax rate itself is the second highest in the nation.**

While all Louisiana exemptions experienced a period of significant growth over the past decade, recent years are very different. New Louisiana Department of Revenue data shows that, while individual income tax exemptions continue to grow, corporate exemptions are down significantly after changes by the Legislature and administration went into effect. Since 2015, **all corporate income tax exemptions are down 25 percent.**

Specifically, the inventory tax credit is down 45 percent; the Net Operating Loss deduction is down 49 percent; and the exemption for the sales tax on business utilities has dropped by a whopping 86 percent, among others.

Corporate exemptions have <u>not</u> and do <u>not</u> make up the majority of tax exemptions. In 2017, Louisiana granted $2.4 billion in sales tax exemptions, $2.1 billion for individual income tax exemptions, and $1.7 billion in corporate exemptions – where there is much more to the story.

Of the $1.7 billion in corporate tax exemptions in 2017, **more than half a billion dollars stems from the Sub-Chapter S Corporation exemption.** This category of businesses report income on their personal income taxes and not on corporate income taxes; this is an accounting exemption that must exist to avoid double taxation. That brings the total down to $1.2 billion in corporate exemptions.

Another major corporate tax credit is **the $293 million credit for the partial reimbursement of inventory taxes paid to local government** – a tax that penalizes investment and growth and is only collected in 10 states. In effect, businesses loan funds to local government and are later reimbursed by the state. When this credit is removed, the total exemptions for corporate income and franchise tax drops to $900 million.

The third largest corporate tax credit is for **Net Operating Losses (NOLs) at $247 million,** which accounts for cycles of business profits and losses in an attempt to smooth out income tax payments over time. NOLs are part of the tax code in every state that levies income tax; the federal government defines NOLs as an accounting practice and historically does not even consider it in the annual federal tax expenditure report. That drops the total exemptions for corporate income and franchise tax to $650 million.

Another major corporate exemption is **the deduction for federal income taxes paid, which was $203 million for businesses** but $828 million for individuals. In 2016, Louisiana voters rejected the repeal of this deduction for businesses, which would have also triggered a lower rate for corporate income taxes. Without this tax deduction, corporate income tax credits would total $450 million. (Half of the remaining balance is for the film tax credit at $205 million.)

Without just these four categories of tax deductions – which are present in nearly every state that levies income taxes – corporate tax credits are roughly $450 million total in 2017. Again, compare this to individual income tax credits, which total $2.1 billion, or to all of the taxes, licenses, and fees collected by the state, which totaled more than $12 billion in 2018.

In 2017, Governor John Bel Edwards publicly stated that 129,000 of 149,000 corporate tax filers annually paid no taxes to the state. In fact, the Department of Revenue data shows that 48,000 of these filers paid taxes as S-Corporations on their personal income tax returns. Additionally, the governor's annual snapshot ignored the state and federal NOL deduction, whereby companies nationwide weather economic downturns. Not only is Louisiana in a recession, but both hurricanes and major flooding events have impacted the profitability of tens of thousands of businesses in recent years. Finally, the share of Louisiana corporate filers with $0 taxes is consistent with national percentages, and nearly all of the 149,000 filers were still subject to the franchise tax even when they had no profits.

The full picture shows that Louisiana businesses are paying more than their "fair share." In an overly complex tax code, corporations are being treated much the same as individuals when it comes to exemptions, while **paying above the national average share of state and local taxes overall.**

Sources:

2019 State Business Tax Climate Index. The Tax Foundation
Tax Exemption Budget 2017-2018. Louisiana Department of Revenue
Total State and Local Business Taxes, November 2018. Council on State Taxation
The Best and Worst of State Sales Tax Systems, April 2018. Council on State Taxation
Fiscal notes from the Louisiana Legislative Fiscal Office from 2015 to 2018

Significant Tax Bills Passed by Louisiana Legislature with Business Impact From FY16 - FY23

**Blue denotes permanent changes*

LABI Louisiana Association OF BUSINESS AND INDUSTRY

Bill No. Author	Revenue-Raising Legislation	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
2015 Regular									
Act 103 Broadwater	Eliminates the three-year carry-back option for **Net Operating Loss** deductions for corporate income tax and increases the carry-over period from 15 years to 20 years.	$29,000,000	$29,000,000	$29,000,000	$29,000,000	$29,000,000	$29,000,000 assumed	$29,000,000 assumed	$29,000,000 assumed
Act 109 Stokes	Limits availability of tax credit for **taxes paid in other states** from July 1, 2015, to June 30, 2018. **NOTE: The La. Supreme Court ruled in December 2018 in *Smith v. Robinson* that this law is unconstitutional. Taxes paid under protest will be refunded. Redress for other taxpayers is unclear.**	$34,000,000	$34,000,000	$27,800,000	n/a	n/a	n/a	n/a	n/a
Act 123 Jackson	Reduces certain **corporate income tax exclusions and deductions** by 28% from July 1, 2015, to June 30, 2018 (does not affect the S-Corporations exclusion). See Act 6 of 2016 for impact of changes to Net Operating Loss.	$17,000,000	$17,000,000	$11,900,000	-$37,000,000	-$37,000,000	n/a	n/a	n/a
Act 125 Jackson Act 29 Jackson (2016)	Reduces certain **income and corporate franchise tax credits** and incentives by 28% from July 1, 2015, to June 30, 2018 (does not reduce inventory tax credit).	$31,500,000	$33,500,000	$27,600,000	-$2,900,000	-$3,600,000	n/a	n/a	n/a
Act 126 Jackson Act 28 Jackson (2016)	Reduces certain **tax rebates** by 20% from July 1, 2015, to June 30, 2018; permanently excludes retail and food service from the Enterprise Zone program.	$5,000,000	-$900,000	$12,200,000	$18,400,000	$20,400,000	n/a	n/a	n/a
Act 133 Adams	Provides for carry forward rather than refunds of 25% of **tax credits for inventory** and natural gas storage paid as ad valorem taxes to local governments (does not apply to companies with inventory tax liabilities of $10,000 annually or less). Removes refundability of various R&D tax credits.	$129,000,000	$138,000,000	$146,000,000	$156,000,000	$166,000,000	$166,000,000 assumed	$166,000,000 assumed	$166,000,000 assumed
HCR8 Montoucet	Suspends exemptions on **business utilities** for 1% of state sales and use tax from July 1, 2015, to 60 days after final adjournment of the 2016 regular legislative session.	$60,000,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		$305,500,000	$250,600,000	$254,500,000	$163,500,000	$174,800,000	$195,000,000	$195,000,000	$195,000,000
2016 1st Special									
Act 6 Broadwater	Prohibits the amount of the **Net Operating Loss** deduction from exceeding 72% of La. net income. Effective retroactively on January 1, 2016. (Bill was passed as "clarification" to language in Act 123 of 2015.)	$105,000,000	$105,000,000	$105,000,000	$105,000,000 assumed	$105,000,000 assumed	$105,000,000 assumed	$105,000,000 assumed	$105,000,000 assumed
Act 8 Leger Act 30 Leger Act 31 Leger	Establishes a **flat 6.5% corporate income tax rate r**ather than the current five-tiered rate and bracket structure and would be applicable to tax years beginning January 1, 2017, <u>if voters approve a Constitutional Amendment</u> in November 2016 to eliminate the **corporate income tax deduction for federal income taxes paid. FAILED TO PASS THE BALLOT (44% YES / 56% NO)**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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Bill No. Author	Revenue-Raising Legislation	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Act 12 James	Expands the base of the **franchise tax** to extend it to capital, plants, or property owned directly or indirectly by a partnership, joint venture, or other business organization of which the corporation is a related party. Applies the franchise tax to LLCs if the company is taxed as a Subchapter C corporation at the federal level (does not apply to LLCs qualified to be taxed as Subchapter S corporations). Increases the rate of the franchise tax in the initial year from $10 to $110 but requires the taxpayers already in existence to pay the actual franchise tax instead. Applicable to tax periods beginning January 1, 2017.	$0	$10,340,000	$89,300,000	$94,000,000	$94,000,000	$94,000,000	$94,000,000 assumed	$94,000,000 assumed
Act 15 White Act 26 Jackson	Caps **vendor's compensation** to $1,500 per month per dealer with one or more business locations in the state. Limits vendor's compensation to the original 4% state sales tax only. Effective April 1, 2016.	$3,700,000	$14,600,000	$14,600,000	$6,400,000	$6,400,000	$6,400,000	$6,400,000 assumed	$6,400,000 assumed
Act 16 Leger	Requires corporations to **add-back** otherwise deductible interest expenses and costs, intangible expenses and costs, and management fees directly or indirectly paid, accrued, incurred to, or in connection with one or more direct or indirect transactions with one or more related members (such adjustments are not required if a corporation shows the item was already taxed or if the principal purpose of the transaction was not taken to avoid La. income tax). Applicable to tax periods beginning January 1, 2016.	$0	"relatively small additional receipts"	"larger gain in receipts"	"larger gain in receipts"	"larger gain in receipts"	"larger gain in receipts"	"larger gain in receipts" assumed	"larger gain in receipts" assumed
Act 23 Morrell	Changes the **order for utilization tax credits** to require that refundable credits be the second priority after non-refundable credits with no carry-forward position (excludes inventory tax credit from the re-ordering). Requires that transferrable credits only be claimed if acquired on or before the due date of the return. Applicable to tax periods beginning 1 January 2016.	$0	$0	$0	$0	$0	$0	$0 assumed	$0 assumed
Act 24 Ivey	Requires the **Net Operating Loss** from the most recent taxable year to be applied first (rather than in order of the year of the loss). Effective January 1, 2017.	"depends" on size of losses	"depends" on size of losses	"depends" on size of losses	"depends" on size of losses	"depends" on size of losses	"depends" on size of losses	"depends" on size of losses assumed	"depends" on size of losses assumed
Act 25 Morris	Removes more than 150 **exclusions and exemptions from 4% state sales tax** from April 1, 2016, to July 1, 2016, (including 4% on business utilities). Removes more than 150 exclusions and exemptions from 2% state sales tax from July 2, 2016, to July 1, 2018, (but 3% on **business utilities** and 1% on **MM&E**). Removes 1% of the business utilities exemption from July 2, 2018, to April 1, 2019. Repeals $25 per cash register reprogramming credit. *Fiscal impact assumes business share only.*	$59,900,000	$238,500,000	$238,500,000	n/a	n/a	n/a	n/a	n/a

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Significant Tax Bills Passed by Louisiana Legislature with Business Impact From FY16 - FY23

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Bill No. Author	Revenue-Raising Legislation	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Act 26 Jackson	Imposes **new 1% state sales and use tax** from April 1, 2016, to June 30, 2018. Limits more than 125 exclusions and exemptions to the existing 4% tax, including **business utilities** (which will be subject to the new tax) and **MM&E** (which will be subject to the new tax but only from April 1, 2016, to June 30, 2016). *Fiscal impact assumes business share only.*	$100,700,000	$413,900,000	$413,900,000	n/a	n/a	n/a	n/a	n/a
		$269,300,000	$782,340,000	$861,300,000	$205,400,000	$205,400,000	$205,400,000	$205,400,000	$205,400,000
2016 2nd Special									
Act 1 Anders	Repeals HMO annual license tax. Establishes the **annual minimum tax rate for HMOs** at $550 for every $10k of gross annual premiums collected. Applicable to tax periods beginning January 1, 2016.	n/a	$187,000,000	$124,000,000	$124,000,000	$124,000,000	$124,000,000	$124,000,000 assumed	$124,000,000 assumed
Act 3 Broadwater	Establishes defined criteria for the state and local sales tax exclusion for the **sale of materials for further processing** into articles of tangible personal property for sale at retail in order to limit the exclusion and require other materials to be taxable. Applicable to all refund claims filed or assessment of additional taxes due after the Act.	n/a	"reduces the exclusion"	"reduces the exclusion"	"reduces the exclusion"	"reduces the exclusion"	"reduces the exclusion"	"reduces the exclusion" assumed	"reduces the exclusion" assumed
Act 4 Morrell	Restores 100% of the refundable **inventory tax credit** for those current taxpayers whose total payment of ad valorem tax eligible for the credit is between $10k and $500k. Maintains 75% refundability for current taxpayers with eligible credits between $500k and $1m. Businesses created after April 15, 2016, will receive 75% of the credit for tax eligible between $10k and $1m and 100% of the credit below $10k. Eliminates refundability for credits more than $1m and instead establishes a 5-year carry-forward provision. Applicable to tax returns and refund claims filed after July 1, 2016.	n/a	$17,300,000	$17,300,000	$17,300,000	$17,300,000	$17,300,000	$17,300,000 assumed	$17,300,000 assumed
Act 5 Ward	Converts the state **inventory tax credit** from a refundable credit to a non-refundable credit with a 5-year carry forward provision for taxes paid on inventory by manufacturers that also receive the ad valorem **industrial tax exemption** in the same year. Applicable to returns filed after July 1, 2016, regardless of the taxable year to which the return relates.	n/a	$57,000,000	$57,000,000	$57,000,000	$57,000,000	$57,000,000	$57,000,000 assumed	$57,000,000 assumed
Act 8 Reynolds	Changes the **apportionment formula** for calculating corporate income and franchise tax. Requires sales other than tangible personal property to be **sourced** to La. if the taxpayer's market for the sale is in La. Applicable to tax periods beginning January 1, 2016.	n/a	"increase"	"increase"	"increase"	"increase"	"increase"	"increase" assumed	"increase" assumed

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Bill No. Author	Revenue-Raising Legislation	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Act 10 Price	Changes the date that **interest** begins to accrue on tax overpayments to 90 days after the date the return was due, the return claiming overpayment was filed, or the tax was paid, whichever is later. Effective for refunds paid on or after September 1, 2016, regardless of the taxable period.	n/a	$16,700,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000 assumed	$20,000,000 assumed
Act 11 Montoucet	Limits the individual income tax deduction for **net capital gains** to apply only to a business in which the taxpayer was employed or materially participated for five years and held for five years prior to its sale. Reduces the deduction to 50% for those domiciled between 5 and 10 years, to 60% for those domiciled 10 to 15 years, to 70% for those domiciled 15 to 20 years, to 80% for those domiciled 20 to 25 years, to 90% for those domiciled 25 to 30 years. Applicable to sales or exchanges in equity interests occurring after the effective date of the Act.	n/a	"material increase"	"material increase"	"material increase"	"material increase"	"material increase"	"material increase" assumed	"material increase" assumed
2017 Regular		$0	$278,000,000	$218,300,000	$218,300,000	$218,300,000	$218,300,000	$218,300,000	$218,300,000
Act 323 Morrell	Establishes termination dates for certain **tax credits and incentive programs** administered by Louisiana Economic Development, including the angel investor tax credit (2021) and sound recording investor tax credit (2021) among others.	n/a	n/a	$0	"increase"	"increase"	"increase"	"increase"	"increase" assumed
Act 386 Morrell	Provides termination dates for certain **tax rebate and incentive programs** including Competitive Projects Payroll incentive (2022) among others. Makes extensive changes to the Quality Jobs program such as raising the eligible hourly wage and increasing the job count requirement; sunsets on July 1, 2022.	n/a	n/a	$0	"increase"	$10,400,000	$22,200,000	$25,000,000	$25,000,000 assumed
Act 400 Luneau	Removes the June 30, 2018, sunset provision to make permanent **28% reductions to certain income and franchise tax credits** including credits for technology commercialization, employee and dependent health insurance coverage, and donations to public schools, among others.	n/a	n/a	$0	$12,500,000	$12,500,000	$12,500,000	$12,500,000	$12,500,000 assumed
Act 403 Morrell	**Terminates certain tax credits** including the Citizens Property Insurance Corp. assessment (2020), the employment of first-time nonviolent offenders (2020), insurance premiums (2022), and historic rehabilitation (2022) among others. *Fiscal impact assumes half of the affected credits have a business impact.*	n/a	n/a	$0	$0	$0	$13,500,000	$17,000,000	$37,500,000
Act 428 Walsworth	Constitutional Amendment (passed Oct. 2017) to clarify that certain **property delivered to construction sites** is exempt from ad valorem taxation.	n/a	n/a	no impact	no impact	no impact	no impact	no impact	no impact

Significant Tax Bills Passed by Louisiana Legislature with Business Impact From FY16 - FY23

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Bill No. Author	Revenue-Raising Legislation	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Act 429 Thibaut	Constitutional Amendment (passed Oct. 2017) to dedicate new **motor fuels taxes** solely to the construction and maintenance of transportation and capital transit infrastructure projects of state and local government, prohibiting payment of employee wages or benefits.	n/a	n/a	no impact	no impact	no impact	no impact	no impact	no impact
		$0	$0	$0	$12,500,000	$22,900,000	$48,200,000	$54,500,000	$75,000,000
2018 Regular									
Act 328 Havard	Authorizes a local taxing authority to enter into **advance payment agreements for payment of ad valorem taxes** by property owners participating in the Industrial Property Tax Exemption. Taxpayers may receive a credit of up to 20% against liabilities due on the property when it returns to the tax rolls.	n/a	n/a	n/a	$0	$0	$0	$0	$0
2018 2nd Special									
Act 5 Foil	Expands the definition of **remote dealers** to individuals or businesses not physically present in Louisiana that sell over $100,000 of goods or services into the state, engage in 200 or more separate transactions with Louisiana customers, or voluntarily register to collect and remit sales tax. Contingent upon a US Supreme Court decision in the *South Dakota v. Wayfair* case, which was decided in June 2018.	n/a	n/a	n/a	"increase"	"increase"	"increase"	"increase"	"increase"
Act 6 Jackson	Extends the limitations on the amount of individual income tax credit available for **taxes paid to other states from 2017 to Fiscal Year 2023.** Adds a deduction provision for a taxpayers proportionate share of taxes paid in another state at the entity level. Increases the state earned income tax credit from 3.5% to 5% until 2025 on January 1, 2019. *Fiscal impact assumes full collection of taxes and does not take into account the increase in EITC, which is for individuals and not businesses.* **NOTE: The La. Supreme Court ruled in December 2018 in *Smith v. Robinson* that this law is unconstitutional. Legislation is needed to make adjustments. The future collections are uncertain.**	n/a	n/a	n/a	$33,600,000	$33,600,000	$33,600,000	$33,600,000	$33,600,000
		$0	$0	$0	$33,600,000	$33,600,000	$33,600,000	$33,600,000	$33,600,000
2018 3rd Special									
Act 1 Davis	Retains **.45% of the 2016 temporary 1% state sales and use tax from July 1, 2018, to June 30, 2025.** Limits roughly 100 exclusions and exemptions to the existing 4% tax, including **business utilities** (which will be subject to 2% state sales tax) and MM&E (which will not be taxed). *Business share is calculated as 47% of state sales taxes in the bill plus the full share of the business utilities component.*	n/a	n/a	n/a	$250,900,000	$267,740,000	$267,740,000	$267,740,000	$267,740,000

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Bill No. Author	Revenue-Raising Legislation	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
ESTIMATED NEW TAX REVENUE FROM LOUISIANA EMPLOYERS:		**$574,800,000**	**$1,310,940,000**	**$1,334,100,000**	**$884,200,000**	**$922,740,000**	**$968,240,000**	**$974,540,000**	**$995,040,000**

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