

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

*Blue denotes permanent changes

Bill No.	Revenue-Raising Legislation	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Author									
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 <i>Smith v. Robinson</i> 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	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 29 Jackson (2016)									
Act 126 Jackson	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 28 Jackson (2016)									
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	Establishes a flat 6.5% corporate income tax rate rather 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
Act 30 Leger									
Act 31 Leger									

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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. <i>Fiscal impact assumes business share only.</i>	\$59,900,000	\$238,500,000	\$238,500,000	n/a	n/a	n/a	n/a	n/a

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Bill No.	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). <i>Fiscal impact assumes business share only.</i>	\$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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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	\$20,000,000
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"	"material increase"
		\$0	\$278,000,000	\$218,300,000	\$218,300,000	\$218,300,000	\$218,300,000	\$218,300,000	\$218,300,000
2017 Regular									
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"
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
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
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. <i>Fiscal impact assumes half of the affected credits have a business impact.</i>	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

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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 <i>South Dakota v. Wayfair</i> 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. <i>Fiscal impact assumes full collection of taxes and does not take into account the increase in EITC, which is for individuals and not businesses.</i> NOTE: The La. Supreme Court ruled in December 2018 in <i>Smith v. Robinson</i> 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). <i>Business share is calculated as 47% of state sales taxes in the bill plus the full share of the business utilities component.</i>	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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Author									
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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