

# Business Taxes Passed in 2015 and 2016

BILL NO. AUTHOR	SIGNIFICANT NEW TAX LAWS AFFECTING LOUISIANA EMPLOYERS	FY16	FY17	FY18
<b>2015 LEGISLATION</b>				
Act 103 Broadwater	Eliminates the three-year carry-back option for Net Operating Loss deductions for corporate income tax and increases the carry-forward period from 15 years to 20 years.	\$29,000,000	\$29,000,000	\$29,000,000
Act 109 Stokes	Limits availability of tax credit for taxes paid in other states from July 1, 2015, to June 30, 2018.	\$34,000,000	\$34,000,000	\$27,800,000
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 details, impact of changes to Net Operating Loss.	\$17,000,000	\$17,000,000	\$11,900,000
Acts 125, 29 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
Acts 126, 28 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	\$3,100,000	\$12,200,000
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
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	\$0	\$0
<b>2016 LEGISLATION</b>				
Act 5 Montoucet	Reduces discount for timely remittance of tobacco excise tax and stamping from 6% to 5%. Effective April 1, 2016.	\$550,000	\$2,200,000	\$2,200,000
Act 12 James	Expands the definition 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 domestic or foreign 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 that are qualified and meet the eligibility rules 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. Authorizes a holding company deduction under certain circumstances. Applicable to tax periods beginning Jan. 1, 2017.	\$0	\$10,340,000	\$89,300,000
Act 6 Broadwater	Prohibits the amount of the Net Operating Loss deduction from exceeding 72% of Louisiana net income. Effective retroactively on Jan. 1, 2016. (Bill was passed as clarification to language in Act 123 of 2015.)	\$105,000,000	\$105,000,000	\$105,000,000
Act 7 Cox	Reduces discounts for timely remittance of alcohol excise taxes by 25%. Effective April 1, 2016.	\$94,000	\$375,000	\$375,000

Acts 8, 30, 31 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 Jan. 1, 2017, if voters approve a Constitutional Amendment in November 2016 to eliminate the corporate income tax deduction for federal income taxes paid.	\$0	"small amount" but unclear	\$3,300,000
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
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 Louisiana income tax). Applicable to tax periods beginning 1 January 2016.	\$0	"relatively small additional receipts"	"larger gain in receipts"
Act 25* Morris	Removes more than 150 exclusions and exemptions from 4% state sales tax from April 1 to July 1, 2016 (including 4% on business utilities). Removes more than 150 exclusions and exemptions from 2% state sales tax from 2 July 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. Largely maintains agricultural sales tax exemptions.	\$59,900,000	\$238,500,000	\$238,500,000
Act 25 Morris	Increases the annual license tax for health maintenance organizations with enrollment greater than 55,000 individuals to be \$600 for every \$10,000 of gross annual premiums collected. Effective if and when approved by the Centers for Medicare and Medicaid Services.	\$0	\$136,600,000	\$136,600,000
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 30 June 2016).	\$100,700,000	\$413,900,000	\$413,900,000
Act 18 Barras	Prohibits new advance notifications for the Enterprise Zone program after July 1, 2017. Modifies the Enterprise Zone credit for which notifications are filed after April 1, 2016, to prohibit credits for hotel and employment services jobs; caps sales tax rebate and investment tax credit at \$100,000 per net new job among other changes.	\$0	\$0	\$2,000,000
Act 10 Anders	Reduces the amount of the insurance premium tax credit for insurers who invest a portion of their assets in La. financial institutions by 5% for tax years 2016 and 2017 for most payers. Removes certain Certificates of Deposit and Cash on Deposit from eligibility for the credit.	\$0	\$8,300,000	\$8,600,000
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 Jan. 1, 2017.	"depends" on size of losses	"depends" on size of losses	"depends" on size of losses
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 Jan. 1, 2016.	\$0	\$0	\$0
ESTIMATED NEW TAX REVENUE FROM LOUISIANA BUSINESS:		\$575,444,000	\$1,184,415,000	\$1,268,875,000

\*Fiscal impact estimates are from the legislative fiscal notes but quantify the business share only, not the total revenue generated for the state.