Louisiana Department of Revenue

Presentation to Task Force on Structural Change

Overview of Current Tax Structure

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16

OVERVIEW OF CURRENT TAX STRUCTURE

A. TAX STRUCTURE PRIOR TO 2015

In the 2002 Regular Session of the La. Legislature, the legislature passed Act 88, which amended Article VII, Section 4(A) and added Article VII, Section 2.2 of the Constitution of Louisiana to provide for a new limitation on individual income tax brackets and prohibit the imposition of state sales and use tax on food for home consumption, consumer purchases of certain utilities, and prescription drugs. At the same time, the legislature also passed accompanying legislation in Act 51 to revise the state individual income tax brackets and repeal the deduction for excess federal itemized deductions. Together, the Acts are commonly referred to as the "Stelly Plan" after their author, Representative Vic Stelly. The Constitutional Amendment contained in Act 88 was passed by the voters of Louisiana in November of 2002 and the provisions of Act 51 became effective beginning in tax year 2003. The Stelly Plan amended Louisiana's tax structure as follows:

Stelly Plan

Income Tax

Act 88-Constituional Amendment

- Provides that the state individual and joint income tax schedule of rates and brackets shall never exceed the rates and brackets set forth in Title 47, Section 32 of the Louisiana Revised Statutes on January 1, 2003 (Post-Stelly Plan rates and brackets as shown below).

Income Tax Rate	2% of Taxable Income	4% of Taxable Income	6% of Taxable Income
Single Filer:			
Pre-Stelly	Up to $10,000	$10,000 to $50,000	Over $50,000
Post-Stelly	Up to $12,500	$12,500 to$25,000	Over $25,000
Joint Filer:			
Pre-Stelly	Up to $20,000	$20,000 to $50,000	Over $100,000
Post-Stelly	Up to $25,000	$25,000 to $50,000	Over $50,000

Act 51-Statutory Changes

- Excess federal itemized deduction-allows taxpayers who itemize on their federal return to take a deduction in computing Louisiana taxable income on their LA state return. The deduction is equal to the amount by which the taxpayer's federal itemized deductions exceed the federal standard deduction.
- Act 51 eliminates excess federal itemized personal deduction
- Above changes effective beginning tax year 2003
- Pre-Stelly, excess federal itemized deductions reduced to 50% of excess itemized deductions for tax years 2000 & 2001 and partially restored for tax year 2002 to 57.5%.

Sales Tax

Act 88-Constitutional Amendment

- Reduces state & local sales tax on the following to no greater than 2% from period of January 1, 2003-June 30, 2003 and fully exempts below items from state & local sales tax effective July 1, 2003:
    - food for home consumption
    - tax on residential natural gas, electricity and water
    - prescription drugs

<u>Amendments since Stelly</u>

- **Act 399** of the 2007 Regular Session of the LA Legislature to fully phase-in 100% allowance of federal itemized deductions that exceed the federal standard deduction. In 2007, a deduction for 57.5% of "excess itemized deductions" is allowed. In 2008, the allowable percentage is 65%. For tax years 2009 and forward the deduction is for 100% of excess itemized deductions.
- **Act 396** of the 2008 Regular Session of the LA Legislature returns the four percent and six percent brackets for individual income tax to those provided for before the enactment of the Stelly Plan. The first $12,500 of net income will be taxed at 2%, the next $37,500 of net income will be taxed at 4% and any net income in excess of $50,000 will be taxed at 6%. These dollar amounts are doubled for married persons filing jointly. Effective for tax years beginning on or after January 1, 2009.

Income Tax Rate	2% of Taxable Income	4% of Taxable Income	6% of Taxable Income
Single Filer	Up to $12,500	$12,501 to $50,000	Over $50,000
Joint Filer	Up to$25,000	$25,000 to $100,000	Over $100,000

B. TAX STRUCTURE POST 2015 REGULAR SESSION

Income Tax

- **Act 123-** subjects numerous deductions and exemptions to a 28% percent across-the-board reduction relative to the amount of deduction/exclusion currently allowed by the respective statute. Applies to any return, regardless of the taxable year to which the return relates, filed on or after July 1, 2015. For a list of affected deductions/exclusions, see Revenue Information Bulletin 15-017.
- **Act 125**-subjects numerous credits to a 28% percent across-the-board reduction relative to the amount of credit currently allowed by the respective statute. Applies to any return, regardless of the taxable year to which the return relates, filed on or after July 1, 2015. For a list of affected credits, see Revenue Information Bulletin 15-021.
- **Act 126-** subjects numerous rebates to a 20% percent across-the-board reduction relative to the amount of rebate currently allowed by the respective statute. For a list of affected rebates, see Revenue Information Bulletin 15-025.
- **Act 131-**Establishes a cap of $10 million dollars for FY 16 & 17 and $5 million dollars for FY 18 for purposes of Solar Energy Systems Tax Credit. Program sunsets 12/31/17.
- **Act 133-**Provides that taxpayers with total ad valorem taxes paid pursuant to R.S. 47:6006 (inventory/natural gas) less than $10,000 shall receive any overpayment (amount by which credit exceeds tax liability) as a 100% refundable credit. For taxpayers with total ad valorem taxes paid pursuant to R.S. 47:6006 equal to or in excess of $10,000, amount of overpayment shall be distributed as a 75% refundable credit and a 25% nonrefundable credit with a 5 year carryforward.
- **Act 134-**Establishes a cap of $180 million dollars for FY 16, 17 & 18 for purposes of motion picture investor tax credits claimed on a return, utilized as a payment or transferred back to the state (buyback). Eliminates buybacks until July 1, 2016.

Sales Tax

- **House Concurrent Resolution No. 8-** suspends the exemptions from the tax levied pursuant to R.S. 47:331 for sales of steam, water, electric power or energy, and natural gas, including but not limited to the exemptions found in R.S. 47:305(D)(1)(b), (c), (d), and (g), and any other exemptions provided in those portions of Chapter 2 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, which provide for exemptions for business utilities from the state sales tax.

Motor Fuel Tax

- Act 147 Beginning Jan. 1, 2016, the tax levied on special fuels shall not be collected pursuant to the annual decal but rather the amount of the tax shall be converted from a tax levied per gallon on such special fuel to a tax levied per gallon but based on the special fuel's energy content as follows:

1. Diesel gallon equivalent for liquefied natural gas (LNG) shall be equal to 6.060 pounds of LNG and shall be the unit of measurement of the tax levied.
2. The gasoline gallon equivalent for liquefied petroleum gas (LPG) shall be energy equivalent rate equal to 73% percent of the state tax per gallon on gasoline and diesel fuel and shall be the unit of measurement of the tax levied.
3. Gasoline gallon equivalent for compressed natural gas (CNG) shall be equal to 5.660 pounds of CNG and shall be the unit of measurement of the tax levied.

Repeals prior law as it relates to issuance of an annual decal and adds a transitional provision for the department to continue issuing decals from July 1, 2015, through Dec. 31, 2015, for the operation of vehicles which use LNG, LPG, or CNG in order for the taxes due on this fuel to be paid. The amount of the decal shall be calculated at a rate of one-twelfth of the total annual decal amount for each month the decal is valid.

Requires the tax to be collected by any person or entity upon the delivery of the fuel into the fuel supply tank of a motor vehicle. However, requires any person or entity to possess a license for utilizing, delivering, or selling such fuels and otherwise provides for requirements for collection of the per-gallon tax by the licensed users, dealers, and sellers; application, suspension, cancellation, and revocation of licenses; bond requirements; returns, payments, credits, refunds, and fines, penalties, and interest for failure to pay associated with the tax; records retention and inspection; and investigative and enforcement authority, including authorization for search and seizure and criminal penalties for certain prohibited acts.

Reduces the administrative discount to supplier for filing returns and remitting payment timely from one and one-half percent to one-half percent. Reduces deduction from 1% to one-third of 1% for licensed distributor or importer.

C. TAX STRUCTURE POST 2016 SPECIAL SESSION

Income Tax

- **Act 8-**amends relative to the corporate income tax rate from a graduated schedule of rates dependent on the taxable income of the taxpayer to a flat rate of 6.5%. The flat corporate rate of 6.5% is contingent on and becomes effective upon approval by the voters of Louisiana of a constitutional amendment to be presented on the November 8, 2016 statewide ballot to repeal the corporate income tax deduction for federal taxes paid (Act 31). If the repeal of the corporate income tax deduction for federal taxes paid is approved by the voters of Louisiana on the November 8 statewide ballot, the flat corporate rate of 6.5% will be applicable to tax years beginning on or after January 1, 2017.

- **Act 12**-changed the definition of the term "domestic corporation" as provided for corporate franchise tax purposes to include all entities taxes as corporations pursuant to 26 U.S.C. Subtitle A, Chapter 1, Subchapter C for federal income tax purposes. Effective for franchise taxable periods beginning on or after January 1, 2017.
- **Act 16**-requires that certain deductible interest expenses, intangible expenses, and management fees be added-back when computing corporation income tax liability. Effective for taxable years beginning January 1, 2016.
- **Act 28**-Extends the sunset of reductions to certain rebate programs made in Act No. 126 of the 2015 Regular Session through the sunset date of the provisions of the Act that originated as House Bill No. 62 of the 2016 First Extraordinary Session of the Legislature of Louisiana (June 30,2018). Effective April 1, 2016.
- **Act 29-** Extends the reductions made to tax credits in Act No. 125 of the 2015 Regular Session through the sunset date of the provisions of the Act that originated as House Bill No. 62 of the 2016 First Extraordinary Session of the Legislature of Louisiana (June 30, 2018). Effective April 1, 2016.

Sales Tax

- **Act 14**-amended La. R.S. 47:551 to reenact a state and local tax levied upon the rental of an automobile. The Automobile Rental Tax is levied upon the gross proceeds derived from a lease or rental contract of an automobile, less any sales and use tax included in the contract. The Automobile Rental Tax is in addition to any tax, fee, or license imposed directly or indirectly. This is a separate and distinct tax from the state sales tax imposed by La. R.S. 47:301(7) on leases and rentals of tangible personal property, which includes motor vehicles. The effective date for Act 14 is April 1, 2016.
- **Act 17**-amended La. R.S. 47:301(6)(a) relative to the definition of "Hotel" to include any establishment or person engaged in the business of furnishing sleeping rooms, cottages, or cabins to transient guests, where such establishment consists of sleeping rooms, cottages, or cabins at any of the following: (i) A single business location or (ii) A residential location, including but not limited to a house, apartment, condominium, camp, cabin, or other building structure used as a residence. Hotel does not include any establishment or person leasing apartments or single family dwelling on a month-to-month basis. The definition of dealer pursuant to La. R.s. 47:301(4) was also amended to include any person engaged in collecting the amount required to be paid by a transient guest as a condition of occupancy at a residential location as provided in La. R.S. 47:301(6)(a)(ii). The definition of dealer excludes persons leasing apartments or single family dwellings on a month to month basis. The provisions of this Act shall become effective July 1, 2016.

- **Act 22**-defines remote dealers and requires remote dealers to file all applicable sales and use tax returns and remittances electronically. This applies to sales and use taxes levied pursuant to La. R.S. 47:302(K)(5). A vendor who qualifies as a dealer in this state as defined in La. R.S. 47:301(4) is prohibited from collecting the tax imposed under La. R.S 47:302(K)(5) in lieu of collecting the sales and use tax imposed by a political subdivision, which is required to be remitted directly to the political subdivision. The provisions of Act 22 apply to tax periods beginning on and after April 1, 2016. The effective date of Act 22 is March 14, 2016.
- **Act 25**-enacted La. R.S. 47:302(V), 321(L), and 331(S) which provide that certain state exclusions and exemptions are operative and in effect for the purposes of the imposition of state sales taxes pursuant to La. R.S. 47:301, 321, and 331. The effective date of Act 25 is April 1, 2016.

  For the period beginning April 1, 2016 through July 1, 2018, certain state sales tax exemptions and exclusions will continue to be in effect with regard to the state sales tax levied pursuant to La. R.S. 47:302. For the period April 1, 2016 through July 1, 2016, only those sales tax exemptions and exclusions provided for in La. R.S. 47:321(L) will be operative and in effect purposes of the one percent (1%) tax levied pursuant to La. R.S. 47:321. For the period April 1, 2016 through July 1, 2016, only those sales tax exemptions and exclusions provided for in La. R.S. 47:331(S) will be operative and in effect purposes of the ninety-seven on hundredths of one percent (.97%) tax levied pursuant to La. R.S. 47:331 and the Louisiana Tourism Promotion District tax in the amount of three one hundredths of one percent (.03%) levied pursuant to La. R.S. 51:1286. State sales, purchases, use, leases or rental tax exemptions and exclusions not listed in Act 25 for the sale, use, consumption, lease or rental of tangible personal property and the sales of services will be subject to tax.

  Louisiana Revised Statute 47:331(P) provides that the exemptions for sales of steam, water, electric power, or energy, and natural gas for business utilities will be inapplicable, inoperable and of no effect for the period beginning April 1, 2016 through April 1, 2019, as it applies to the taxes levied by La. R.S. 47:331.

  Louisiana Revised Statute 47:331(Q) provides that the exemption in La. R.S. 47:305.51 for utilities used by Steelworks and Blast Furnaces shall be applicable, operable and effective for all taxable periods beginning on or after July 1, 2007 through March 31, 2016 and for all taxable periods on or after April 1, 2019. These utilities shall be subject to state sales tax levied in La. R.S. 47:331 for the period April 1, 2016 through March 31, 2019.
- **Act 26**-enacted La. R.S. 47:321.1, which imposes an additional state sales tax in the amount of one percent (1%). This additional state sales tax is levied upon the sale at retail, the use, the consumption, the distribution and lease or rental of an item of tangible personal property and upon sale of services. The new state sales tax is in addition to the sales taxes already levied pursuant to La. R.S. 47:302, 321 and 331. This

tax is to be collected by the dealer and wholesaler as provided by Chapter 2 of Title 47. The provisions of Act 26 shall become effective on April 1, 2016 and shall be inapplicable, inoperative and of no effect after June 30, 2018.

For the period April 1, 2016, sixty-five state sales, purchase, use, lease or rental tax exemptions and exclusions will continue to be operative and in effect with regard to the additional state sales tax levied pursuant to La. R.S. 47:321.1. The sales tax exclusion for the purchases, use and lease of manufacturing machinery and equipment as provided in La. R.S. 47:301(3)(i), (13)(k), and (28)(a) shall not be operative and in effect until July 1, 2016.

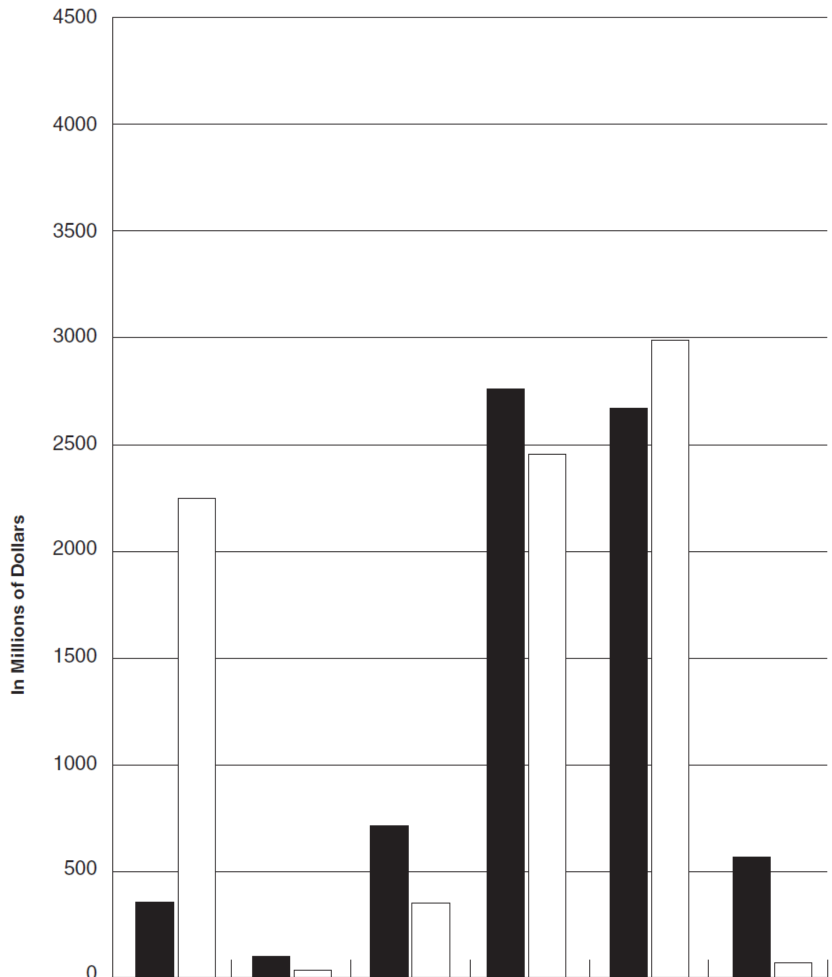
Excise Taxes

- **Act 4-**increases the tax levied on cigarettes by one and two-twentieths of one cent per cigarette or 22¢ per package of twenty cigarettes. Effective April 1, 2016.
- **Act 5-**reduces the discounts for the reporting and remitting of excise taxes on certain tobacco products, the discount for stamping cigarettes and the discount for the reporting and remitting of excise taxes and the stamping of cigarettes to five percent. Effective April 1, 2016.
- **Act 7-**reduces the amount of the discount for accurately reporting and timely remitting on beverages of low alcoholic content to one and one-half percent and to two and one-half percent on beverages of high alcoholic content. Effective April 1, 2016.
- **Act 13-**increases the tax levied on beverages of high and alcoholic content**.** Effective April 1, 2016.

Overview

Analysis of Tax Collections vs. Exemptions

{FY 2014-15}



	Corporation Income	Corporation Franchise	Severance	Individual Income	Sales	Petroleum Products	TOTAL
Actual Collections	$ 373	$ 124	$ 735	$ 2,890	$2,766	$ 608	$7,496
Estimated Exemptions	$ 2,292	$ 27	$ 379	$ 2,428	$ 2,928	$ 106	$8,160
Total Potential Collections	**$ 2,665**	**$ 151**	**$ 1,114**	**$ 5,318**	**$ 5,694**	**$ 714**	**$15,656**
Percentage of Total Potential Collections	86.0%	17.9%	34.0%	45.7%	51.4%	14.8%	52.1%

* The revenue losses reported under tax incentive and exemption contracts has been included with their respective taxes of corporation income, sales, corporation franchise and individual income. The revenue losses for rebates under Tax Incentive are paid out of collections of income taxes and are thus included there.

TAX PRIMER

STATE SALES TAX

HISTORICAL OVERVIEW OF LOUISIANA SALES TAX STRUCTURE

Louisiana sales tax was first imposed in 1936. The original sales tax was enacted as a two percent luxury sales tax. It was replaced by a one percent general sales tax that was in effect between 1938 and 1940. In 1942, a one percent war emergency tax was enacted and set to run for a two-year period. The first permanent sales tax was enacted in 1944 at a rate of one percent (La. R.S. 47:302); increased to two percent in 1948 (La. R.S. 47:302); increased to three percent in 1970 (R.S. 47:321); and increased to a four percent rate in 1984 (La. R.S. 47:331).

The general sales tax rate was four percent until June 30, 1988. In 1988, the legislature created the Louisiana Recovery District and authorized the District to issue bonds to be secured through the imposition of a sales tax. The one percent general sales tax imposed under La. R.S. 47:321 was repealed and was replaced by the one percent Recovery District tax. Due to bonding requirements, the taxes levied by the Recovery District are not affected by tax law changes subsequent to 1988. This combination of a three percent general sales tax, along with a one percent Recovery District tax remained in effect from July 1, 1988 to September 30, 1990.

In 1990, the legislature created the Louisiana Tourism Promotion District and granted it the authority to levy a tax. On October 1, 1990, the Tourism Promotion District levied a .03 percent sales tax, and on the same date the general sales tax rate imposed under La. R.S. 47:331 was reduced to .97 percent totaling the same overall tax rate of one percent. The tax base is the same for the Tourism Promotion District and general sales tax. On September 30, 1996, the bonds of the Recovery District were retired and the Recovery District ceased to exist. The levy of the Recovery District was replaced with a one percent general sales tax levy under La. R.S. 47:321.

Exclusions and exemptions from the sales tax have existed since the first tax levy and new exclusions and exemptions have been enacted over the years. The exemptions were effective against the total sales tax base until 1986. During the 1986 Regular Legislative Session, House Concurrent Resolution 55 was enacted, which suspended the sales tax exemptions imposed under La. R.S. 47:331 for the period of July 1, 1986 through June 30, 1987. As a result of the suspension, traditionally exempt items were subject to a one percent sales tax. The legislature continued the one percent suspension until July 31, 1989. Effective August 1, 1989, the suspension rate was changed to three percent through December 31, 1989; two percent from January 1, 1990 through July 9, 1990; and three percent from July 10, 1990 through June 30, 1997. From July 1, 1993 to September 30, 1996, exemptions from the one percent sales tax levied by the Louisiana Recovery District were also suspended, resulting in a four percent suspension rate.

In order to extend tax relief, the Louisiana Legislature began enacting exclusions from the tax under the definitions in La. R.S. 47:301, rather than the exemptions under La. R.S. 47:305. Some of the new exclusions replaced existing exemptions that were taxable under the suspension of exemptions. This action resulted in two statutes affecting the same subject. In 1998, duplicative exemptions were repealed leaving only the exclusion as the statutory authority.

From July 1, 1997 to June 30, 2000, the suspension rate is three percent. From July 1, 2000 to June 30, 2009 the suspension rate is four percent, except for sales of non-residential electricity, water utility service, natural gas, and steam, which is subject to a suspended tax rate of 3.8 percent through December 31, 2005. For the period January 1, 2006, to June 30, 2008 sales for nonresidential purposes of natural gas for energy and electric power were subject to a suspended rate of 3.3 percent. Sales of steam and water for nonresidential use were taxed at the suspended rate of 3.8 percent. From July 1, 2008 to June 30, 2009 sales for nonresidential purposes of natural gas for energy and electric power were subject to a suspended rate of 2.3 percent. For the period July 1, 2008 through June 30, 2009, sales of steam and water for nonresidential use were taxed at the suspended rate of 2.8 percent.

In the 2009 Legislative Session, no legislation was proposed to continue the suspension of the sales tax exemptions. As a result, the exemptions found under La. R.S. 47:305 are now exempt from three of the four percent general sales tax. These unprotected exemptions remain subject to the permanent suspension of the one percent tax imposed under La. R.S. 47:321. Effective January 1, 2009, advance sales tax was repealed. As a result, all sales for resale became excluded from sales tax. Only the final sale to the consumer is now subject to the state sales tax.

The Sales Tax Base

The tax base consists of retail sales of tangible personal property, rental or lease of movable property, and sales of selected services. The tax base also includes use tax due on the cost of tangible personal property imported into this state or purchased within this state without the proper payment of sales tax.

Type	Rate	Source
General Sales Tax	2.00 %	R.S. 47:302
	1.00 %	R.S. 47:321
	.97 %	R.S. 47:331
Tourism Prom. Dist.	.03	R.S. 51:1286
Total	4.00	

Types of Sales Tax Exemptions

Louisiana sales tax exemptions are in the form of exclusions, exemptions, alternate reporting methods, credits, and refunds. Exclusions are items that have been excluded from the tax base by definition. Exemptions are items that were included in the tax base, but have specifically exempted. Alternate reporting methods allow taxpayers to report and remit taxes in a manner different from the normally required procedure. Statutorily prescribed methods of taxation are items that have statutory methods to calculate the tax. Credits are situations when the taxpayer can deduct the credit amount from the tax due and pay only the net tax due. Refunds are the result of taxes paid initially, but for which the taxpayer may be reimbursed.

There are several statutory tax exemptions that are not subject to taxation by the state constitution or federal laws. Pursuant to Article VII, Section 2.2 of the Louisiana Constitution, food for home consumption, natural gas, electricity and water for residential use, and drugs prescribed by a physician or dentist are examples of constitutionally protected state sales tax exemptions. Examples of transactions which are protected by federal law are sales to the United States government and its agencies as provided in La. R.S. 47:301(10)(g) and the overhaul of naval vessels as provided in La. R.S. 47:301(7)(c) and (14)(h).

GENERAL MECHANICS OF SALES TAX

What is sales tax applicable to?

The state general sales and use tax is levied on the following transactions:

1. The sale of tangible personal property in this state.
2. The use, consumption, distribution, or storage for use or consumption in this state of any tangible personal property.
3. The lease or rental within this state of any item or article of tangible personal property.
4. The sales of certain services as defined in Revised Statute 47:301(14). Those services are the furnishing of sleeping rooms by hotels; the sale of admissions to places of amusement and to athletic and recreational events, and the furnishing of privileges of access to amusement, entertainment, athletic, or recreational facilities; the furnishing of

storage or parking privileges by auto hotels and parking lots; the furnishing of printing and over printing; the furnishing of laundry, cleaning, pressing, and dyeing services; the furnishing of cold storage space and the preparation of property for such storage; the furnishing of repairs to tangible personal property; and the furnishing of telecommunications services.

All sales, use, consumption, distribution, storage for use or consumption, leases, and rentals of tangible personal property are taxable, unless an exemption or exclusion is provided by law for a particular transaction. In the case of service transactions, only the particular transactions enumerated in the law are taxable.

What is the sales tax rate?

The aggregate rate of state sales tax is four percent, which consists of three point ninety seven percent (3.97%) Louisiana sales tax and point zero three percent (.03%) Louisiana Tourism Promotion District sales tax.

Sales and use taxes levied by political subdivisions of the state are in addition to the sales and use taxes levied by the state. There are many similarities between the state sales and use tax and the sales taxes levied and collected by political subdivisions of the state. However, there are also significant differences, especially in regard to exemptions and suspensions of exemptions.

Are there any exemptions from the sales tax?

There are a number of exclusions and exemptions from the sales tax. Certain types of transactions have been excluded from the definitions in Revised Statute 47:301 making the tax inapplicable to them. Other transactions which normally would be subject to the tax under Revised Statute 47:301 have been exempted or excluded from the tax under Revised Statute 47:305.

Examples of common consumer-related exemptions include:

- food for home consumption,
- utilities such as electricity, natural gas and water,
- purchases of tangible personal property to be used exclusively for lease or rental as tangible personal property,
- drugs prescribed by a physician or dentists,
- orthotic and prosthetic devices and wheelchairs and wheelchair lifts prescribed by physicians or licensed chiropractors for personal consumption or use,
- the sale or purchase of any ostomy, ileostomy, or colostomy device or any other appliance including catheters or any related item which is required as the result of any

surgical procedure by which an artificial opening is created in the human body for the elimination of natural waste,

- manufacturing machinery and equipment.

How is Sales Tax Collected?

Louisiana relies upon the dealer system to collect its state sales taxes. A dealer is defined in La. R.S. 47:301(4) as every person who manufactures, produces tangible personal property for sale at retail, for use, or consumption or distribution or for storage to be used or consumed in a taxing jurisdiction. Under the provisions of La. R.S. 47:306, transactions for the sale or purchase of tangible personal property or taxable services must be reported on the dealer's sales tax return for the month or quarter in which the sale was made, the service rendered, or the purchased property was imported into the state for use, regardless of when the proceeds of sales are collected, or when payment to the seller is required. Dealers collect the taxes which are due and payable monthly as provided in La. R.S. 47:306(A). The sales taxes are payable on or before the twentieth day of the month following the month in which the tax became due upon forms (returns) prescribed by the Louisiana Department of Revenue.

INDIVIDUAL INCOME TAX

Individual Income

Louisiana's individual income tax was first imposed in 1934. The tax is assessed on a resident individual's income derived from all sources and a nonresident individual's income derived from Louisiana sources. Resident individuals are allowed a credit for income tax paid to other states on income that is also taxed by Louisiana.

Like other states that impose a personal income tax, Louisiana closely follows the federal system utilizing the federal definition of income and deductions with certain modifications. Louisiana tax-table income is a modified federal adjusted gross income less federal income taxes paid.

The income tax base is partially diminished by a combined personal exemption/standard deduction of $4,500 for single filers and married taxpayers filing separately or $9,000 for married taxpayers filing jointly, head-of-household filers, and qualifying widowers. Additional $1,000 deductions are given for each dependent and each taxpayer who is blind or 65 years of age or older.

Any resident, nonresident, or part-year resident required to file a tax return must do so by the fifteenth day of the fifth month after the close of their taxable year.

Tax Base

The tax base is comprised of federal adjusted gross income less federal income tax and the portion of federal itemized deductions that were in excess of the federal standard deduction with adjustments for other modifications to federal adjusted gross income.

The income tax brackets have been revised for all taxable periods beginning after December 31, 2002, with the passing of the amendment of La. Const. art. VII, §4(A) and passing of La. Const. art. VII, §2.2. Legislation was passed in 2008 to return the four percent and six percent brackets to those provided for before the enactment of the Stelly Plan for tax years beginning after December 31, 2008.

Tax Rate

Tax tables are used to determine tax liability using rates as follows:

	Effective for taxable periods beginning after December 31, 2002	Effective for taxable periods beginning after December 31, 2008
Married couple filing joint return or qualifying widow:	2% on the first $25,000	2% on the first $25,000
	4% on the next $25,000	4% on the next $75,000
	6% on the taxable income above $50,000	6% on the taxable income above $100,000
Single, Head of Household, or married filing separately	2% on the first $12,500	2% on the first $12,500
	4% on the next $12,500	4% on the next $37,500
	6% on the taxable income above $25,000	6% on the taxable income above $50,000

Individual income tax exemptions are in the form of exemptions/exclusions, deductions, and credits. Exemptions/exclusions generally mean a specific item of income that is not included in taxable income. Deductions are generally defined as a reduction in net income to arrive at taxable income. Credits are generally defined as a reduction to the amount of tax due.

CORPORATION INCOME AND FRANCHISE TAX

Corporate Income

The Louisiana corporation income tax was authorized by the 1921 state constitution. The first tax was levied in 1934 at the rate of four percent of corporate earnings exceeding $3,000. In 1977, Louisiana raised the income tax rate from a flat rate of four percent to a five-tier tax rate schedule that ranged from four percent of the first $25,000 of taxable income to a maximum of eight percent of the taxable income exceeding $200,000. Louisiana allows a full deduction of federal income tax payments from state income tax bills, which reduces the effective corporation income tax rates.

Like many other states that impose a corporate income tax, Louisiana closely follows the federal system. That is, the state employs the federal definition of income and deductions with certain modifications. Act 16 of the First Extraordinary Session of 1986 enacted R.S. 47:287.2 through 47:287.785 relative to corporation income tax and provided for the conformance of this tax to the federal tax system.

For multi-state corporations, Louisiana net income is generally determined through formula apportionment. Under the formula apportionment method, total net income is generally apportioned to Louisiana based on the average of three factors: property, revenue, and wages.

Domestic corporations and other entities taxed as corporations for federal income tax purposes that organized under the laws of Louisiana, unless specifically exempted, must file an income tax return each year. Foreign corporations and other entities taxed as corporations for federal income tax purposes, organized under the laws of other states, who derive income from Louisiana sources, regardless of whether or not they have net income, must file an income tax return unless specifically exempted.

An income tax return must be filed on or before the fifteenth day of the fourth month following the close of an accounting period.

Tax Base

Taxable income earned within or derived from sources within Louisiana.

Tax Rate

Four percent on the first $25,000; five percent on the next $25,000; six percent on the next $50,000; seven percent on the next $100,000; eight percent on the taxable income above $200,000.

Types of Corporate Income Tax Exemptions

Corporation income tax exemptions are in the form of exemptions/exclusions, deductions, and credits. An exemption/exclusion generally means that a corporation is statutorily exempt from the imposition of the corporate income tax because of the nature of the corporation's business or a specific item of income that is not taxed. Deductions are generally defined as a reduction in net income to arrive at taxable income. Credits are generally defined as a reduction to the amount of tax due.

Who must file

All corporations and entities taxed as corporations for federal income tax purposes deriving income from Louisiana sources, whether or not they have any net income, must file an income tax return. Corporations that obtain a ruling of exemption from the Internal Revenue Service must submit a copy of the ruling to the Department to obtain an exemption.

Rate of Tax

Corporations will pay tax on net income computed at the following rates:

- **Four percent on the first $25,000 of net income**
- **Five percent on the next $25,000**
- **Six percent on the next $50,000**
- **Seven percent on the next $100,000**
- **Eight percent on the excess over $200,000**

Date tax due

Returns and payments are due on or before the 15th day of the fourth month following the close of an accounting period (April 15 for a calendar year).

Corporation Franchise Tax

The Louisiana corporation franchise tax was enacted in 1932. The tax was imposed on every domestic corporation and every foreign corporation authorized or doing business in the state, or using any part of its capital, plant, or any other property in the state. As originally enacted, the tax levied was due and payable for the privilege of carrying on or doing business, exercising of its charter or the continuance of its charter within the state.

An initial tax return covering the period beginning with the date the corporation first becomes liable for filing a return and ending with the close of the accounting period, must be filed on or before the fifteenth day of the third month after the corporation first becomes liable.

Thereafter, an annual return is due by the fifteenth day of the fourth month after the close of an accounting period. The tax is due on the first day of the calendar year or the taxpayer's fiscal year.

The law has been amended many times since 1932. However, an amendment in 1970 to replace the privilege of doing business language in the original act with the statement that the tax levied is due and payable on any one or all of the incidents referred to in the law was one of the more important amendments. For taxable years beginning after December 31, 2005, the amount of borrowed capital included in taxable capital was reduced until fully phased out for the 2011 franchise tax year.

Tax Rate

The tax is currently assessed on the taxable base at the rate of $1.50 per $1,000 on the first $300,000 and $3.00 per $1,000 over $300,000. The tax is based on the larger of the assessed value of all real and personal property in the state or the amount of issued and outstanding capital stock, surplus, and undivided profits attributable to Louisiana.

Types of Tax Exemptions

Corporation franchise tax exemptions are in the form of exemptions/exclusions, deductions, and credits. Exemptions/exclusions generally refer to organizations or corporations that are statutorily exempt from the imposition of the corporation franchise tax due to the nature of their operation. Deductions are generally defined as a reduction to the taxable base. Credits are generally defined as a reduction to the amount of tax due.

Who must file

Any corporation meeting any of the following provisions, unless specifically exempted under the provisions of R.S. 47:608 must file a Louisiana corporation franchise tax return:

1. **Organized under the laws of Louisiana.**
2. **Qualified to do business in this state or doing business in this state.**
3. **Exercising or continuing the corporate charter within this state.**
4. **Owning or using any of the corporate capital, plant, or other property in this state in a corporate capacity.**

Rate of Tax

$1.50 for each $1,000 or major fraction thereof up to $300,000 of capital employed in Louisiana, and $3 for each $1,000 or major fraction thereof in excess of $300,000 of capital employed in Louisiana. The initial corporation franchise tax is $10. For information concerning capital employed in Louisiana and computation of the tax, see the instructions for Forms ICFT-620 and 620A.

EXCISE AND MISCELLANEOUS TAXES

Liquors - Alcoholic Beverage Tax

Who must file

The dealer who first handles the alcoholic beverages in Louisiana is required to file a return and pay the taxes. If, for any reason, the dealer who first handles the taxable alcoholic beverages has escaped payment of the taxes, those taxes will be collected from any person in whose hands the taxable beverages are found.

Rate of tax prior to 2016 1st Extraordinary Session

1. Beverages of high alcoholic content of more than 6 percent alcohol by volume (liquor and wine) are taxed as follows:
    a. Liquor, $0.66 per liter
    b. Sparkling wines, $0.42 per liter
    c. Still wines:
        i. Alcoholic content not over 14 percent by volume, $0.03 per liter
        ii. Alcoholic content over 14 percent but less than 24 percent by volume, $0.06 per liter
    d. Malt beverages, $10 per barrel (barrel to contain not more than 31 gallons; and at a like rate for fractional parts of a barrel)
2. Beverages of low alcoholic content (beer) handled in Louisiana are taxed at $10 per barrel containing not more than 31 gallons. The tax is the same for fractional parts of a barrel.

Rate of tax post 2016 1st Extraordinary Session (Act 13)

1. Beverages of high alcoholic content of more than 6 percent alcohol by volume (liquor and wine) are taxed as follows:
    a. Liquor, $0.86 per liter
    b. Sparkling wines, $0.55 per liter

c. Still wines:

   i. Alcoholic content not over 14 percent by volume, $0.20 per liter

   ii. Alcoholic content over 14 percent but less than 24 percent by volume, $0.35 per liter

d. Malt beverages, $12.50 per barrel (barrel to contain not more than 31 gallons; and at a like rate for fractional parts of a barrel)

2. Beverages of low alcoholic content (beer) handled in Louisiana are taxed at $12.50 per barrel containing not more than 31 gallons. The tax is the same for fractional parts of a barrel.

Date tax due

Beverages of high alcoholic content (liquor and wine): Report must be filed and taxes paid on or before the 15th day of the month following the taxable month.

Beverages of low alcoholic content (beer): Report must be filed and taxes paid within 20 days after the end of each calendar month.

Bond requirements

Every manufacturer or wholesaler of alcoholic beverages is required to furnish to the Secretary of Revenue a bond, certificate of deposit, or letter of credit in the minimum amount of $10,000 for each type of permit held.

Discount

Prior to Act 7 of the 2015 Regular Session, the amount of the discount for accurately reporting and timely remitting on beverages of low alcoholic content was two percent. The amount of the discount for accurately reporting and timely remitting on beverages of high alcoholic content was three and one-third percent. After Act 7 of the 2015 Regular Session, the amount of the discount for accurately reporting and timely remitting on beverages of low alcoholic content is one and one-half percent and two and one-half percent on beverages of high alcoholic content.

Transportation & Communication Utilities Tax

Who must file

Every person owning or operating any public utility in Louisiana defined as railroads and railways, motor bus lines, motor freight lines, sleeping cars, express companies, telegraph companies, boat or packet lines, and pipe lines must file a return.

Rate of tax

Two percent of the gross receipts from intrastate business.

Date tax due

The return and payment are due by the 20th day of the month following the taxable period except for motor freight lines whose gross revenues for the previous fiscal year are less than $5 million. These returns are filed quarterly and are due within 30 days after the end of the quarter.

Inspection & Supervision

Who must file

Each common and contract carrier and public utility doing business in Louisiana and subject to control and jurisdiction of the Louisiana Public Service Commission, must file a return.

Basis of fee

Fees are measured by the gross receipts from Louisiana intrastate business, beginning with the first quarter of the calendar year.

Rate of fee

1. $4.94 per $1,000 for the first $100,000 or less of gross receipts.
2. $4.16 per $1,000 of gross receipts in excess of $100,000 and not more than $250,000.
3. $3.38 per $1,000 of gross receipts in excess of $250,000 and not more than $500,000.
4. $2.61 per $1,000 of gross receipts in excess of $500,000 and not more than $750,000.
5. $2.22 per $1,000 of gross receipts in excess of $750,000 and not more than $1,000,000.
6. $1.83 per $1,000 of gross receipts in excess of $1,000,000 and not more than $2,000,000.
7. $1.44 per $1,000 of gross receipts in excess of $2,000,000 and not more than $5,000,000.
8. $1.06 cents per $1,000 of gross receipts in excess of $5,000,000 and not more than $10,000,000.

9. 90 cents per $1,000 of gross receipts in excess of $10,000,000 and not more than $25,000,000.
10. 75 cents per $1,000 of gross receipts in excess of $25,000,000 and not more than $100,000,000.
11. 59 cents per $1,000 of gross receipts in excess of $100,000,000.

The minimum fee is $80 annually or $20 per quarter.

Date fee due

Returns and payments are due by the last day of the third month following the end of the quarter.

Electric Cooperative Fee

Who must file

Every electric cooperative must file a return and remit the fees owed.

Rate of tax

The rate is $10 for each 100 persons or fraction thereof to whom electricity is supplied within the state by the applicable cooperative.

Date tax due

Fees are due annually on or before July 1.

Hazardous Waste Disposal Tax

Who must file

All generators and all disposers of hazardous waste doing business in Louisiana and generating or disposing of hazardous waste in Louisiana are required to file a return.

Rate of tax

Disposal tax is:

1. $30 per dry-weight ton of hazardous waste both generated and disposed of at the same site in Louisiana.
2. $40 per dry-weight ton of hazardous waste disposed of in Louisiana at a site other than the site where generated.
3. $100 per dry-weight ton of extremely hazardous waste disposed of in Louisiana.

For hazardous wastes and extremely hazardous wastes generated outside of Louisiana and disposed of in Louisiana, the tax rate to be levied is the rate of tax or fee imposed on the disposal of such waste in the state where generated, but in no case shall the tax levied be less than the rate charged at the time of disposal for hazardous and extremely hazardous waste generated and disposed of in Louisiana. An affidavit showing the rate of the state where the waste was generated must accompany the tax report.

Date tax due

Return must be filed and taxes paid on or before the 20th day of the month following the taxable calendar quarter.

Telecommunication Tax for the Deaf

Who must file

Every local exchange telephone company operating in Louisiana is required to file a return.

Rate of tax

The tax is five cents per month on each residence and business customer telephone access line of the local exchange companies.

Date tax due

The tax is to be collected monthly and paid on or before 30 days after the close of each calendar quarter.

Oil Spill Contingency Fee Quarterly (La. R.S. 30:2485)

The entity responsible for collecting and remitting the fee to LDR is the refinery who receives the crude oil for storage and processing. The operator of the refinery is responsible for collecting the fee from the owner of the crude oil and remitting the fee to LDR. Prior to Act 394 of the 2013 Regular Session, the marine terminal was responsible for collecting and remitting this fee on crude oil transferred to or from a vessel.

The fee will be levied at a rate of one-half cent per barrel from July 1, 2014 until December 31, 2015. Beginning January 1, 2016, the fee will be levied at a rate of one-quarter cent per barrel. However, the fee will increase to one-half cent per barrel during any period in which certain conditions are met as outlined in R.S. 30:2485(C). Qualifying conditions that would cause the rate to increase include a decrease in the fund balance to less than $5 million or an unauthorized discharge of oil in excess of one hundred thousand gallons within the previous twelve months.

Oilfield Site Restoration Fee—Oil and Condensate Production

(La. R.S. 30:87)

There is hereby imposed on crude petroleum produced from producing wells in this state a fee in the amount of one and one-half cents on each barrel of oil and condensate.

There is hereby imposed on gas produced from producing wells in this state a fee in the amount of three-tenths of one cent for each thousand cubic feet.

The site restoration fee shall be the following:

Full rate--.015%

Incapable rate--.0075%

Stripper rate--.00375%

Oilfield Site Restoration Fee—Natural Gas (La. R.S. 30:87)

There is hereby imposed on gas produced from producing wells in this state a fee in the amount of three-tenths of one cent for each thousand cubic feet.

The site restoration fee shall be the following:

Full rate--.0030%

Incapable rate--.0012%

Stripper rate--.000525%

Gasoline and Diesel Fuel Tax

Who must file

1. A supplier who may also act as a terminal operator, permissive supplier, distributor, importer, exporter, blender, motor fuel transporter, or aviation fuel dealer without securing a separate license but who is subject to all other conditions, requirements, and liabilities imposed on those license holders.

2. A permissive supplier who may also act as a distributor, importer, exporter, blender, motor fuel transporter, or aviation fuel dealer without securing a separate license but who is subject to all other conditions, requirements, and liabilities imposed on those license holders.

3. A distributor who may also act as an importer, exporter, blender, or motor fuel transporter without securing a separate license but who is subject to all other conditions, requirements, and liabilities imposed on those license holders.

4. An importer who may also act as a distributor, exporter, blender, or motor fuel transporter without securing a separate license but who is subject to all other conditions, requirements, and liabilities imposed on those license holders.

5. A terminal operator.

6. An exporter.

7. A motor fuel transporter.

8. A blender.

9. An interstate motor fuel user.

10. An aviation fuel dealer.

Rate of tax

An aggregate rate of twenty cents per net gallon is levied on all gasoline sold, used, or consumed in the state of Louisiana for domestic consumption. Four cents of the tax is distributed to the Transportation Infrastructure Model for Economic Development.

An aggregate rate of twenty cents per net gallon is levied on all diesel fuel sold, used, or consumed in the state of Louisiana for the operation of motor vehicles, licensed or required to be licensed for highway use. Four cents of the tax distributed to the Transportation Infrastructure Model for Economic Development.

Date tax due

Tax Return	Due Date
Supplier/Permissive Supplier Monthly Return	22nd day of the month following the period covered.
Distributor/Exporter/Blender Monthly Return	20th day of the month following the period covered.
Importer Monthly Return	15th day of the month following the period covered.
Terminal Operator Annual Return	Last day of February.
Interstate Motor Fuel User Quarterly Return	25th day of the month following the period covered.
Motor Fuel Floor Stock Tax Return	Must be filed by August 1, 2006, and the tax paid by January 1, 2007. A $100 penalty is assessed if the return is filed after August 31, 2006.
Motor Fuel Back Up Tax Return	20th day of the month following the month the transaction occurred.
The following information returns have a $100 penalty if not filed on or before the due date:	
Terminal Operator Monthly Return	20th day following the period covered.
Motor Fuel Transporter Monthly Return	20th day following the period covered.

Aviation Fuel Dealer Quarterly Return	25th day following the period covered.

Bond requirements

Terminal Operator	$1,000,000
Supplier	$50,000
Permissive Supplier	$50,000
Distributor	$20,000
Importer	$20,000
Exporter	$20,000
Blender	$20,000
Interstate Motor Fuel User	$20,000
Motor Fuel Transporter	N/A
Aviation Fuel Dealer	N/A

Discount

Prior to the 2015 Regular Session, a supplier or permissive supplier that filed a timely return and remitted a timely payment could deduct an administrative discount in an amount equivalent to one and one-half percent of the tax due on gasoline and diesel fuels. The supplier or permissive supplier had to allow a deduction of one percent to a purchaser with a valid distributor or importer license. Act 147 of the 2015 Regular Session, which became effective

July 1, 2015, reduced the discount for a supplier or permissive supplier one-half of one percent and reduced the discount for a distributor or importer to one-third of one percent.

Special Fuels Tax

Special Fuels is comprised of compressed natural gas, liquefied natural gas and liquefied petroleum gas. Prior to Act 147 of the 2015 Regular Session Special Fuels was collected from owners of special fuel vehicles through a decal. The decal was renewed annually.

Who must file

The retail dealer who sells or dispenses motor fuel at a retail location to the ultimate consumer or the special fuel fleet dealer.

Rate of tax

The excise tax is levied at an aggregate rate of $0.20 per gallon or gallon equivalent. The excise tax rate on compressed natural gas and liquefied natural gas sold, used, or consumed in the state of Louisiana for the operation of motor vehicles licensed or required to be licensed for highway use is $0.20. The excise tax rate on liquefied petroleum gas sold, used, or consumed in the state of Louisiana for the operation of motor vehicles licensed or required to be licensed for highway use is $0.146. Four cents of the tax distributed to the Transportation Infrastructure Model for Economic Development.

Date tax due

Special Fuels Tax Return-CNG, LNG, and LPG	20th day of the month following the period covered.

Bond requirements

Retail Dealer	$50,000
Special Fuel Fleet Dealer	$50,000

Discount

Licensed dealers are entitled to a discount of 0.33% for the expense of collecting, accounting for, reporting, and timely remitting the taxes collected and for keeping records. A discount was not allowed prior to Act 147 of the 2015 Regular Session, which became effective July 1, 2015.

Severance Taxes

- Gas
- Oil
- Timber
- Minerals
- Natural Gas Franchise

Gas--Who must file

A return must be filed by each severer who withholds tax from royalty payments and each purchaser who withholds tax from any amount due a seller or owner if the tax has not yet been paid.

Rate of tax

The tax rate for natural gas and equivalent gas volumes of natural gasoline, casinghead gasoline, and other natural gas liquids per 1,000 cubic feet at a base pressure of 15.025 pounds per square inch absolute and at 60 degrees Fahrenheit is adjusted annually on July 1 and may never be less than 7 cents.

Type	Rate
a. Full Rate - 7/1/15 to 6/30/16 [R.S. 47:633(9)(d)(i)]	$0.158 per MCF
b. Incapable oil-well gas [R.S. 47:633(9)]	$0.03 per MCF

c. Incapable gas-well gas [R.S. 47:633(9)]	$0.013 per MCF
d. Produced water-full rate 7/1/15 to 6/30/16 [R.S. 47:633.5(C)(2)]	$0.126 per MCF
e. Produced water-incapable oil-well gas [R.S. 47:633.5(C)(2)]	$0.024 per MCF
f. Produced water-incapable gas-well gas [R.S. 47:633.5(C)(2)]	$0.0104 per MCF

Date Tax Due

Tax returns must be filed on or before the twenty-fifth day of the second month following the month to which the tax is applicable.

Report

The severer must report the kind and quantity of natural resources severed, the names of the owners, the portion owned by each, the location of each natural resource, and the places where severed.

The purchaser must report the names and addresses of all sellers and the quantity and gross price paid for each natural resource.

These reports are due monthly on the same date as the tax.

Oil--Who must file

A return must be filed by each severer who withholds tax from royalty payments and each purchaser who withholds tax from any amount due a seller or owner if the tax has not yet been paid.

Rate of tax

Oil/Condensate/Similar Natural Resources	Per barrel of 42 gallons
Full rate oil/condensate	12.5% of value
Incapable oil rate [R.S. 47:633(7)(b)]	6.25% of value
Stripper oil rate * [R.S. 47:633(7)(c)]	3.125% of value
Reclaimed oil [R.S. 47:648.21]	3.125% of value
Produced water-full rate [R.S. 47:633.5(C)(1)]	10.0% of value
Produced water-incapable oil rate [R.S. 47:633.5(C)(1)]	5.0% of value
Produced water-stripper oil rate [R.S. 47:633.5(C)(1)]	2.5% of value

* Stripper oil is exempt as long as the average posted price for a 30-day period is less than $20 per barrel.

Date Tax Due

Tax returns must be filed on or before the twenty-fifth day of the second month following the month to which the tax is applicable.

Report

The severer must report the kind and quantity of natural resources severed, the names of the owners, the portion owned by each, the location of each natural resource, and the places where severed.

The purchaser must report the names and addresses of all sellers and the quantity and gross price paid for each natural resource.

These reports are due monthly on the same date as the tax.

Exemption

Prior to Act 120 of the 2015 Regular Session, no severance tax was due until the well reached payout. With the passage of Act 120 the amount of the exemption is determined by the price of oil and the price of natural gas. Per the Act the secretary shall determine the oil price upon which the exemption for a horizontal well that produces oil shall be based on July First of each year for the ensuing twelve months based upon the average New York Mercantile Exchange Price per barrel of crude oil per month on the close of business June Thirtieth for the prior twelve months. The amount of the exemption for a horizontal well that produces oil shall be as follows:

(aa) The exemption shall be one hundred percent if the price of oil is at or below seventy dollars per barrel.

(bb) The exemption shall be eighty percent if the price of oil is above seventy dollars and at or below eighty dollars per barrel.

(cc) The exemption shall be sixty percent if the price of oil is above eighty dollars and at or below ninety dollars per barrel.

(dd) The exemption shall be forty percent if the price of oil is above ninety dollars and at or below one hundred dollars per barrel.

(ee) The exemption shall be twenty percent if the price of oil is above one hundred dollars and at or below one hundred ten dollars per barrel.

(ff) There shall be no exemption in effect if the price of oil exceeds one hundred ten dollars per barrel.

The secretary shall determine the natural gas price upon which the exemption for a horizontal well that produces natural gas shall be based on July First of each year for the ensuing twelve months based upon the average New York Mercantile Exchange Price per million BTU per month on the close of business June Thirtieth for the prior twelve months. The amount of the exemption for a horizontal well that produces natural gas shall be as follows:

(aa) The exemption shall be one hundred percent if the price of natural gas is at or below four dollars and fifty cents per million BTU.

(bb) The exemption shall be by eighty percent if the price of natural gas is above four dollars and fifty cents per million BTU and at or below five dollars and fifty cents per million BTU.

(cc) The exemption shall be sixty percent if the price of natural gas is above five dollars and fifty cents per million BTU and at or below six dollars per million BTU.

(dd) The exemption shall be forty percent if the price of natural gas is above six dollars per million BTU and at or below six dollars and fifty cents per million BTU.

(ee) The exemption shall be twenty percent if the price of natural gas is above six dollars and fifty cents per million BTU and at or below seven dollars per million BTU.

(ff) There shall be no exemption in effect if the price of natural gas exceeds seven dollars per million BTU.

Timber--Who must file

A return must be filed by each severer who withholds tax from royalty payments and each purchaser who withholds tax from any amount due a seller or owner if the tax has not yet been paid.

Rate of tax

1. Trees and timber: 2.25 percent of current stumpage value as determined by the Louisiana Forestry Commission
2. Pulpwood: 5 percent of current stumpage value as determined by the Louisiana Forestry Commission

Date Tax Due

Tax returns must be filed by the last day of the month following the taxable month.

Report

The severer must report the kind and quantity of natural resources severed, the names of the owners, the portion owned by each, the location of each natural resource, and the places where severed.

The purchaser must report the names and addresses of all sellers and the quantity and gross price paid for each natural resource.

These reports are due monthly on the same date as the tax.

Minerals--Who must file

A return must be filed by each severer who withholds tax from royalty payments and each purchaser who withholds tax from any amount due a seller or owner if the tax has not yet been paid.

Rate of tax

- Sulphur: $1.03 per long ton of 2,240 pounds
- Salt: $0.06 per ton of 2,000 pounds
- Marble: $0.20 per ton
- Stone: $0.03 per ton
- Sand: $0.06 per ton
- Shells: $0.06 per ton
- Salt content in brine, when used in the manufacture of other products and not marketed as salt: $0.005 per ton
- Lignite: $0.12 per ton

Date Tax Due

Tax returns must be filed by the last day of the month following the taxable month.

Report

The severer must report the kind and quantity of natural resources severed, the names of the owners, the portion owned by each, the location of each natural resource, and the places where severed.

The purchaser must report the names and addresses of all sellers and the quantity and gross price paid for each natural resource.

These reports are due monthly on the same date as the tax.

Natural Gas Franchise

Who must file

Every corporation, domestic or foreign, engaged in the business of transporting natural gas by pipeline in Louisiana must file a return.

Rate of tax

One percent of the gross receipts from the operation of its franchise or charters in this state.

Date Tax Due

Returns and payments are due quarterly on the last day of the month following the quarterly period, and become delinquent after this date.

Tobacco Tax

Who must file
Any person who manufacturers or imports cigars, cigarettes, smoking or smokeless tobacco for distribution, sale, use, or consumption in Louisiana is required to file a return.

Rate of tax

Cigars
Manufacturer's net invoice price per thousand.

- Up to $120 per thousand – eight percent.
- Over $120 per thousand – twenty percent.

Cigarettes

- .36 a pack pre 2015
- .86 a pack 2015 Regular Session effective July 1, 2015
- $1.08 a pack 2016 1st Extraordinary Session effective April 1, 2016

Smoking Tobacco

- 33 percent of manufacturer's net invoice price.

Smokeless Tobacco

- 20 percent of manufacturer's net invoice price.

Date tax due

Every registered tobacco dealer must immediately after receipt of any unstamped cigarettes affix tax stamps in the required denominations and amount on the cigarette packages. Tax stamps can only be purchased from the Secretary of Revenue and must be affixed in the premises of the wholesale tobacco dealer.
Every registered tobacco dealer receiving and handling cigarettes, cigars, smoking tobacco and smokeless tobacco in Louisiana upon which tax has not been previously paid must, within 20 days after the expiration of each calendar month, file a report with the Secretary.

Bond requirements
Every registered wholesale tobacco dealer is required to furnish to the Secretary of Revenue a bond, certificate of deposit, or letter of credit in the minimum amount of $2,500 or that is satisfactory to the Secretary based on the volume of the dealer's business.

Discounts
Prior to the 2016 1st Extraordinary Session the discounts for the reporting and remitting of excise taxes on certain tobacco products was six percent, the discount for stamping cigarettes was a maximum of six percent and the discount for the reporting and remitting of excise taxes and the stamping of cigarettes was six percent **Act 5 (HB 18)** reduced the discounts for the reporting and remitting of excise taxes on certain tobacco products, the discount for stamping cigarettes and the discount for the reporting and remitting of excise taxes and the stamping of cigarettes to five percent. Act 5 is effective April 1, 2016.

Retail Dealers of Vapor Products

Who must file
Act 94 of the 2015 Regular Session of the Louisiana Legislature amended R.S. 47:841 and 842 to impose a tax of five cents per milliliter on consumable vapor products. This tax is effective August 1, 2015. The tax is due from the dealer who first sells, consumes, handles or distributes vapor products in Louisiana.

Any retailer receiving vapor products from a source other than a Louisiana Authorized Tobacco Wholesaler will need to file a Tobacco Tax Return for Retail Dealers of Vapor Products, Form R-5608. This return must be completed by retail dealers who receive any vapor products from sources on which the excise tax has not been paid. This return should also be completed by retail dealers who blend products to form a consumable liquid solution that is depleted as a vapor. Vapor products that contain no nicotine are not subject to the excise tax.

Vapor products received from Louisiana Authorized Tobacco Wholesalers will have the tax paid by the wholesale dealer. A retail dealer who purchases ALL of his vapor products from a registered Louisiana Authorized Tobacco Wholesaler does not need to complete this return. A listing of Louisiana Authorized Tobacco Wholesalers may be acquired from the Office of Alcohol and Tobacco Control.

Rate of tax
$0.05 per milliliters of consumable vapor product

Date tax due
The return must be filed for each calendar month by the 20th day of the month following the month being reported. Returns and payments not submitted timely are subject to penalty and interest.

PROPERTY TAX

Constitutional Authority to Tax
The Louisiana constitution provides for all major elements of ad valorem (property) tax policy. Virtually any material change to the property tax requires a constitutional amendment which requires a super-majority vote of the legislature, as well as statewide voter approval. The property tax is a major source of revenue for Louisiana's political subdivisions and is levied by the political subdivision in which the taxable property is located. The constitution provides for a limited grant of authority for the imposition of a base (general purpose) amount of property tax millages without voter approval. A tax over and above that base amount requires approval by the local electorate.

Millages
A millage or millage rate is the tax rate that applies in the calculation of a specific property tax levy. The millage is based on an archaic monetary unit called a "mil". Millage rates are not expressed as regular percentages, but instead as tenths of a penny. When a property tax proposition is put before the voters, it will be for a certain millage amount for a certain period of time.

An existing millage rate for a particular levy can change for a variety of reasons including the authorization of new millages, changes necessitated in order to provide adequate revenue for debt service, and the mandatory automatic adjustment of millages after a statewide reassessment. This last scenario is one that is usually of interest to taxpayers. The Louisiana constitution mandates that taxes collected in the year after a statewide reassessment shall neither increase nor decrease because of the change in the value of the tax base. To accomplish this, millages are automatically either increased or decreased to accommodate the change in the tax base. Further, in the case where an increased tax base causes a reduction or "roll back" of a millage, the constitution authorizes the taxing authority levying the millage the option of collecting the additional revenues to be gained from such change in the tax base by reinstating all or a portion of the millage rate imposed prior to the "roll back". This is commonly referred to as a "roll forward". This may be accomplished by a super-majority vote of the taxing authority which occurs at a public hearing which has been heavily advertised. There is no voter approval required. For a political subdivision headed by a single local elected official, such as a sheriff, assessor, or coroner, the decision is made individually by that official.

Assessments

The assessor assesses all property in the parish, except for public service properties which are assessed by the Louisiana Tax Commission. Reassessment of a property may occur at any time, but the constitution requires a statewide reassessment of all property in all parishes at least every four years. The most recent statewide reassessment took effect in the 2012 tax year.

Taxable Property

There are two classes of taxable property subject to ad valorem tax, real property and personal property. Real property includes land, buildings and other improvements to land, and mobile homes. Personal property includes movable items such as machinery, fixtures, and furnishings. Household goods, vehicles licensed to operate on highways, and personal effects are not subject to property tax.

Rate and basis for assessing property values The rate used in determining assessed value differs depending on the type of property. The following types of property are assessed based on *fair market* value: residential 10%, commercial 15%, and public service 25%. Agricultural, horticultural, marsh and timber lands are assessed at 15% of *use* value.

Special Assessment Level

Property which is both eligible for the homestead exemption and is owned and occupied by a person eligible for the special assessment level may receive a "frozen" assessed value. The value is frozen at the amount of assessed value in the year in which the property first received the special assessment level.

There are two criteria for this special tax treatment, both of which must be met in order for a property to qualify for the special assessment level.

1) The property owner's adjusted gross income from their most recent federal income tax return is less than $50,000 which amount is adjusted annually by the Consumer Price Index (in 2013 the limit is $69,463).

2) Any of the following applies to the property:

a) Owned and occupied by a person who is 65 years of age or older.

b) Owned and occupied by a person who has a 50% or greater military service-related disability.

c) Last owned and occupied by a member of the armed forces who was killed or is missing in action, or who is a prisoner of war.

d) Owned and occupied by a person who is 100% disabled as certified by state and federal agencies charged with determining disability.

Assessed property values: notification of property owners and the general public

An assessor *may* send notification of assessment value to a property owner at any time he deems appropriate. However, the assessor is *required* to send written notification to a property owner relative to the amount of an assessment under three scenarios: after a statewide reassessment, if the assessment increases by 15% or more from that of the previous year, and if the taxpayer has requested notification in accordance with law. Assessors are required to annually expose each year's parish assessment list (also known as the "tax roll") for public inspection. In all parishes other than Orleans, this inspection period occurs during any 15 day period occurring between August 15th and September 15th. In Orleans Parish, the inspection period is 32 days, and it must occur between July 15th and August 15th. The assessor is required to post a newspaper ad publicizing the time period for inspection. This is the time for a taxpayer to check their assessment and to discuss with the assessor any concerns they may have in that regard. Appeals are usually initiated at this stage.

Appeal of an assessed value
If the taxpayer and the assessor disagree over a property's assessed value, the taxpayer may appeal to the local Board of Review for review of the valuation. The board will consider the appeal and determine whether any changes should be made to the assessed value in question. If either the taxpayer, the assessor, or the taxing authority is dissatisfied with a ruling of the board, they may appeal to the Louisiana Tax Commission for consideration of the dispute. There are specific deadlines and requirements for the filing of appeals. Given this, a taxpayer considering undertaking an appeal should consult the assessor, Board of Review, and Louisiana Tax Commission for specific dates and procedures.

Exemptions

Homestead Exemption
The homestead exemption applies to property taxes levied in all political subdivisions other than taxes levied by municipalities, except it does apply to municipal taxes levied in Orleans Parish. The amount of the homestead exemption is $7,500 of a homestead's assessed value ($75,000 of market value). The exemption may be claimed for a parcel of land of up to 160 acres upon which is located an owner occupied residence. The exemption may also be claimed on a homestead occupied by a usufructary or beneficiary of a trust. In parishes in which the voters have elected to adopt the policy, the amount of the homestead exemption is doubled to $15,000 of a home's assessed value ($150,000 of market value) for property owned by a military veteran having a service-related disability rating of 100% as determined by the U.S. Department of Veterans Affairs. The exemption is also available for property owned and occupied by the surviving spouse of a qualifying veteran.

Other Exemptions

The constitution also provides for a wide variety of very specific exemptions from property tax, which include but are not limited to those benefitting the following interests: disabled veterans, nonprofit corporations, charitable clubs, labor organizations, trade associations, agricultural businesses, maritime industries, electricity producers, the arts, import and export, motor vehicle, manufacturing and other businesses, distribution centers, and offshore mineral exploration.

Collection of Tax

A tax bill is computed by *multiplying* a property's *assessed value* by *the millage.* Each December the tax collector for each parish sends property owners a tax bill enumerating the various millages levied and amounts of tax due for each. Taxes are due by December 31st and if not timely paid the amount will bear interest at a rate of 1% per month until paid. If the taxes remain unpaid, the taxable property will be sold by the tax collector at a tax sale. In the case of immovable property which has been sold at tax sale, the tax debtor has three years within which to redeem the property.

Louisiana Tax Commission

The Louisiana Tax Commission is a state agency vested with broad authority as to the administration and enforcement of the state property tax and assessment laws. The commission is composed of five members appointed by the governor from the state public service commission districts. In addition to reviewing and accepting assessment lists from each parish, with the authority to reject or order individual changes, the commission devises and issues all forms used for property tax implementation and prepares and issues rules and regulations which prescribe how assessors are to perform their duties and responsibilities.