

## Income/Franchise:

### Louisiana: Enacted Bills Will Ask Voters Whether to Lower Tax Rates and Repeal FIT Deduction

*H.B. 278, H.B. 292, S.B. 161*, signed by gov. 6/16/21; *S.B. 159*, passed House and Senate and enacted as of 6/14/21. A package of recently enacted tax reform bills contingently may result in revised corporate income and franchise tax rates and repeal of the corporate and individual income tax deductions for federal income taxes (FIT) paid. Specifically, a recently approved joint resolution potentially may:

URL: <https://legis.la.gov/legis/BillInfo.aspx?s=21RS&b=HB278&sbi=y>

URL: <https://legis.la.gov/legis/BillInfo.aspx?s=21RS&b=HB292&sbi=y>

URL: <https://legis.la.gov/legis/BillInfo.aspx?s=21RS&b=SB161&sbi=y>

URL: <https://legis.la.gov/legis/BillInfo.aspx?s=21RS&b=SB159&sbi=y>

1. Authorize the elimination of a state constitutional requirement for a FIT paid deduction, and
2. Cap the state individual income tax rate, wherein Louisiana voters in a statewide election to be held later this year will be asked: "Do you support an amendment to lower the maximum allowable rate of individual income tax and to authorize the legislature to provide by law for a deduction for federal income taxes paid?"

If the voters approve, three recently signed Louisiana bills would take effect and, among other changes, result in:

1. A 7.5% corporate income tax rate on net income greater than \$150,000, applicable to tax years beginning on and after January 1, 2022;
2. Repeal of the corporate and individual income tax deductions for FIT paid;
3. A 0.275% corporate franchise tax rate on taxable capital greater than \$300,000, applicable to tax years beginning on or after January 1, 2023; and
4. Lower individual income tax rates.

If the voters do *not* approve, these three tax bills essentially *die*, and their underlying provisions do not become law. See recently issued Multistate Tax Alert for more details on this legislation, and please contact us with any questions.

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