

NOTICE OF INTENT

Department of Revenue Policy Services Division

Corporation Income Tax
(LAC 61:I.1115)

Under the authority of R.S. 47:287.73, R.S. 47:287.785, R.S. 47:1511 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, proposes to repeal LAC 61.I.1115 in its entirety.

Act 401 of the 2005 Regular Session repealed R.S. 47:287.73(C)(1) which provided for a deduction from net income in the amount of dividends received from another corporation to the extent that the dividends were earned in the state and the income from which the dividends were paid were taxed under Louisiana law. LAC 61.I.1115 specifically addressed R.S. 47:287.73(C)(1) by providing an example of how to calculate the deduction. However, Act 401 now exempts dividend and interest income from Louisiana corporation income tax altogether, thus LAC 61.I.1115 is no longer necessary.

Title 61 REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 11. Income: Corporation Income Tax

§1115. Modifications to Deductions from Gross Income Allowed by Federal Law

Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:287.73, R.S.47: 287.785 and R.S. 47:1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue and Taxation, Income Tax Section, LR 14:95 (February 1988), repromulgated by the Policy Services Division, LR 30:476 (March 2004), repealed LR 32:

Family Impact Statement

The proposed repealing of LAC 61:I.1115, regarding modifications to deductions from gross income allowed by federal law, should not have any known or foreseeable impact on any family as defined by R.S. 49:972(D) or on family formation, stability and autonomy. Specifically, the implementation of this proposed Rule will have no known or foreseeable effect on:

1. the stability of the family;
2. the authority and rights of parents regarding the education and supervision of their children;
3. the functioning of the family;
4. family earnings and family budget;
5. the behavior and personal responsibility of children;
6. the ability of the family or a local government to perform this function.

Any interested person may submit written data, views, arguments or comments regarding this proposed Rule to Michael D. Pearson, Senior Policy Consultant, Policy Services Division, Office of Legal Affairs by mail to P.O. Box 44098, Baton Rouge, LA 70804-4098. All comments must be received no later than 4:30 p.m., Tuesday, November 29, 2005. A public hearing will be held on Wednesday, November 30, 2005, at 10 a.m. in the River Room, on the second floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA.

Cynthia Bridges
Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES RULE TITLE: Corporation Income Tax

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)

The repeal of LAC 61:I.1115, relative to the corporation income tax, will have no impact on the agency's costs. The rule specifically addressed a statute that has been repealed making the regulation no longer necessary.

The implementation of this proposed regulation will have no impact upon any local governmental units.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The repeal of the rule is related to the implementation of a portion of Act 401 of the 2005 Regular Legislative Session (HB 679). Act 401, in its entirety, is estimated to reduce State General Fund revenues by \$4.8 million in FY 2006-07, \$4.4 million in FY 2007-08, \$3.9 million in FY 2008-09, and \$3.5 million in FY 2009-10. The portion of the total fiscal effect associated with the repeal of LAC 61:I.1115 resulting from the implementation of that Act is indeterminable.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

Statutory changes related to Act 401 of the 2005 Regular Legislative Session will decrease the tax payments of affected businesses by an estimated \$4.8 million in FY 2006-07. Tax reductions for affected businesses associated with this specific rule repeal resulting from the implementation of that Act are indeterminable.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This proposed rule should have no effect on competition or employment

Cynthia Bridges
Secretary
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Robert E. Hosse
Staff Director
Legislative Fiscal Office