

Corporation Franchise Tax

Act 10 (SB 10) amends R.S. 47:602(A) and (G), 603(A)(2), 605(C), and 609(A) and repeals R.S. 47:603, to accelerate the phase out of the exclusion of borrowed capital from taxable capital by one year as follows:

On the 2008 income/2009 franchise tax return—44% of borrowed capital is included,
On the 2009 income/2010 franchise tax return—30% of borrowed capital is included, and
On the 2010 income/2011 franchise tax return and subsequent returns—no borrowed capital included.

The total exclusion of borrowed capital from taxable capital will be effective for all franchise tax periods beginning on or after January 1, 2011.

Income Tax

Act 4 (HB 9) amends R.S. 47:6016(B)(1)(c), (2), and (3), (E), (G), (H), and (I) and enacts R.S. 47:1508(B)(25), to increase the total aggregate amount of credits available under the new markets tax credit, and reduce the maximum amount of credit available for businesses that do not meet certain criteria. The Act also provides enhanced credits for certain target industries and allows for the disclosure of new markets tax credit information if requested. Effective March 24, 2008.

Act 5 (HB 18) enacts R.S. 47:293(4)(c), to create an adjustment that allows taxpayers to add back the 2008 stimulus rebate to their 2008 federal income tax deduction in order to prevent taxation of the stimulus rebate for individual income tax. Effective May 13, 2008.

Act 8 (SB 5) enacts R.S. 47:293(9)(a)(xiv), (xv), and (xvi), 297.10, 297.11, and 297.12 to create a deduction for private school tuition and fees, including expenses for uniforms and supplies for private school students. The Act also creates deductions for parents of home school and public school students. Parents of home school students will be allowed to deduct expenses for home school curricula and instructional materials, while parents of public school students will be allowed to deduct expenses for uniforms and supplies that are purchased from the school. In each instance, the deduction allowed shall be fifty percent of the actual amount paid per student, or five thousand dollars, whichever is less. This Act is effective March 24, 2008 and shall be applicable to amounts paid on and after January 1, 2009.

Sales Tax

Act 1 (HB 1) amends R.S. 47:301(10)(x) to exclude sales or purchases by a person of any fuel or gas from sales and use taxes, and enacts R.S. 47:321(K) to exempt sales of electricity, natural gas, steam, and water for nonresidential use from the one percent sales tax levied by R.S. 47:321. Effective July 1, 2008. **NOTE: The provisions of Act 1 amending R.S. 47:301(10)(x) are superseded by Act 9 below.**

Act 9 (SB 7) amends R.S. 47:301(3)(i)(ii)(bb), to clarify that newspapers are included in the definition of manufacturer for the manufacturing machinery and equipment sales tax exclusion, and amends R.S. 47:301(10)(x) to exclude sales or purchases by any person of butane and propane. Act 9 also enacts R.S. 47:321(K), to exempt sales of electricity, natural gas, steam, and water for nonresidential use from the one percent sales tax levied by R.S. 47:321. Effective July 1, 2008. **NOTE: The provisions of Act 9 amending R.S. 47:301(10)(x) supersede Act 1 above.**

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Act 11 (SB 11) amends and reenacts R.S. 47:481 and R.S. 47:1961(A), and enacts R.S. 47:77 to create the Transportation Trust Fund and direct the state treasurer to deposit sales and use taxes collected on the sale, use, lease, rental, distribution, consumption and storage of motor vehicles into the Fund beginning July 1, 2008 as follows:

- (1) For Fiscal Year 2008-2009, 10% of collections.
- (2) For Fiscal Year 2009-2010, 20% of collections.
- (3) For Fiscal Year 2010-2011, 30% of collections.
- (4) For Fiscal Year 2011-2012, 50% of collections.
- (5) For Fiscal Year 2012-2013, 75% of collections.
- (6) For Fiscal Year 2013-2014, 85% of collections.
- (7) For Fiscal Year 2014-2015, and thereafter, 100% of collections.

Effective March 24, 2008.

Act 12 (SB 12) amends R.S. 47:301(3)(i)(i), 13(k)(i), and (28)(a) and (e) to accelerate the phase out of state sales and use taxes on manufacturing machinery and equipment by one year. For the taxable period beginning on 7/1/08 and ending on 6/30/09 the reduction of the cost or sales price is 68%. For all taxable periods beginning July 1, 2009 the purchase or lease of qualifying machinery and equipment will be not be subject to state sales or use tax. Effective July 1, 2008.