

## Pending Louisiana tax bills would apply to returns filed after June 30

June 18, 2015

### Overview

The Louisiana Legislature, which adjourned its 2015 Regular Session *sine die* on June 11, 2015,<sup>1</sup> passed several tax bills. The four tax bills summarized below have been delivered to Governor Jindal, but have not been signed by him. If enacted into law, these four bills would be effective for tax returns filed on or after July 1, 2015, and would generally reduce various tax benefits available under current law. Accordingly, taxpayers may wish to consider whether it may be potentially beneficial to file their 2014 Louisiana tax returns prior to July 1 in order to preserve currently applicable tax treatment.

### Pending legislation summarized

On June 12, 2015, the Louisiana House sent House Bill 218 (HB 218)<sup>2</sup> to Governor Jindal for executive approval. If enacted, HB 218 would:

- Eliminate three-year Net Operating Loss (NOL) carryback
- Change NOL carryforward from 15 to 20 years
- Repeal previously allowed refunds and prescription periods related to NOL carryback claims

On June 15, 2015, the Louisiana House sent House Bill 624 (HB 624)<sup>3</sup> to Governor Jindal for executive approval. If enacted, HB 624 would:

- Reduce allowable depletion from 22 percent to 15.8 percent; also reduce income limit from 50 percent to 36 percent
- Reduce, for corporate taxpayers, dividend income exclusion by 28 percent (previously 100 percent excluded)
- Reduce deduction for expenses under Internal Revenue Code § 280C related to federal credits by 28 percent (previously 100 percent allowable)
- Limit NOL utilization to 72 percent of the aggregate NOL carryover amount
- Reduce exclusions for public transportation companies by 28 percent (previously 100 percent excluded)

On June 11, 2015, the Louisiana House sent House Bill 629 (HB 629)<sup>4</sup> to Governor Jindal for executive approval. If enacted, HB 629 would reduce various credits.

On June 12, 2015, the Louisiana House sent House Bill 805 (HB 805)<sup>5</sup> to Governor Jindal for executive approval. If enacted, HB 805 would:

- Reduce the refundability of the Inventory Tax Credit
- Provide a carryover for the non-refundable portion of the credit
- Convert the Research and Development Credit from a refundable credit to a non-refundable credit

<sup>1</sup> Adjournment date as specified on the Louisiana State Legislature website, available [here](#).

<sup>2</sup> Pending HB 218, as enrolled, is available [here](#).

<sup>3</sup> Pending HB 624, as enrolled, is available [here](#).

<sup>4</sup> Pending HB 629, as enrolled, is available [here](#).

<sup>5</sup> Pending HB 805, as enrolled, is available [here](#).

## How a bill becomes law in Louisiana

As noted above, the four bills summarized in this tax alert have not been signed by the Governor. Pursuant to the Louisiana Constitution, as applied to each bill, the Governor has 20 days from the date the bill was delivered to him to either sign or veto it. If he fails to act upon a bill, that bill would become law on the 20th day.<sup>6</sup>

## Considerations

In addition to the four bills summarized in this tax alert, the Louisiana Legislature passed several other tax bills that have also not yet been enacted into law. In a subsequent alert we will provide additional information regarding the bills discussed in this alert, as well as the more relevant aspects of any additional enacted Louisiana tax legislation.

As noted previously, taxpayers may wish to consider whether filing their 2014 Louisiana tax returns prior to July 1, 2015, may potentially mitigate the adverse impact of the four bills discussed in this alert, if enacted, as applied to the 2014 tax year.

## Contacts

If you have questions regarding the bills discussed above or other Louisiana tax matters, please contact any of the following Deloitte Tax professionals.

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<sup>6</sup> La. Const. art. III, § 18(A).