2024 Third Extraordinary Session
Legislative Summaries

Contents

Act 1 Constitutional Amendment

Act 1 (House Bill 7) proposes a rewrite of Article VII of the Louisiana Constitution and is dependent on the approval of the voters at a statewide election to be held on March 29, 2025. Reduces the maximum allowable state individual income tax rate from 4.75% to 3.75% and grants taxpayers 65 years of age or older an additional standard deduction equal to the standard deduction allowed for single individuals beginning January 1, 2026.

Requires a two-thirds vote of each house of the legislature for the enactment of an exemption, exclusion, deduction, credit, or rebate, as well as an increase in the amount of a deduction, credit or rebate. Further, any new sales tax exclusion or exemption must be applicable to both state and local sales and use taxes.

Maintains the state sales tax exclusions for food for home consumption, residential utilities and prescription drugs.

Provides for the dedication of one-half of the severance taxes collected on certain brine to the governing authority of the parish in which the severance occurs. Removes the limitations on the amount of severance tax collections dedicated to locals from the constitution and authorizes the legislature to (1) increase or decrease the portion of collections to be distributed to local governing authorities and (2) establish annual caps on those distributions.

Authorizes the exemption of business inventory from ad valorem taxes and provides for one-time payments to local governments who adopt exemptions. Establishes business inventory as a separate class of property and authorizes local tax authorities to reduce the applicable percentage of fair market value at which inventory is taxed. Requires a three-fourths vote of both houses of the legislature to enact new property tax exemptions.

Act 5 Corporation Income Tax

Act 5 (House Bill 2) eliminates the three brackets for corporation income tax; provides for a flat rate of 5.5% beginning January 1, 2025, and provides for a $20,000 corporate standard deduction. Repeals the deduction for expenses disallowed by 26 U.S.C. 280C and the provision that treats moveable property within a Foreign Trade Zone as located outside of Louisiana for purposes of the apportionment calculation.

Authorizes a bonus depreciation deduction (or 100% expensing) for qualified property or qualified improvement property and a bonus amortization deduction for research and experimental expenditures, at the election of the taxpayer, for costs of qualified property, qualified improvement property, and research and experimental expenditures.

Sunsets the inventory tax credit for entities taxed as C-corporations for federal purposes effective June 30, 2026. Extends carryforwards of unused inventory tax credits (currently 10 years) by 5 additional years. Limits the applicability of the inventory tax credit to individual income taxes, including credits from pass-through entities, for taxable periods beginning on or after July 1, 2026.

Decreases the annual cap for the issuance of motion picture production tax credits by the Department of Economic Development from $150M to $125M beginning July 1, 2025, and decreases the annual cap for the claiming of these credits from $180M to $125M. Prohibits the rollover of any unused portion of the cap beginning July 1, 2025.

Decreases the cap for the rehabilitation of historic structures from $125M to $85M for Part II applications received on or after January 1, 2025, and establishes an annual cap of $12M for the research and development tax credit beginning July 1, 2025.

Establishes a June 30, 2025 sunset for multiple incentive programs including the Louisiana work opportunity tax credit, Louisiana Qualify Jobs Program, Angel Investor Tax Credit Program, Sound Recording Investor Tax Credit, and Enterprise Zones program. No credits can be granted to applications submitted after that date; however, credits can continue to be earned pursuant to applications and contracts submitted prior to June 30, 2025.

Repeals expired and underutilized income and franchise tax credits and incentives. Repeals outdated language regarding review of certain credits by the legislature.

Act 6 Corporation Franchise Tax

Act 6 (House Bill 3) repeals the corporation franchise tax for taxable periods beginning on or after January 1, 2026, and removes references to the franchise tax in certain credit statutes.

Act 10 Digital Products

Act 10 (House Bill 8) expands the sales tax base to include the taxation of digital products effective for taxable periods beginning on or after January 1, 2025. Provides that Digital Products are products that are transferred electronically and include:

1. Digital audiovisual works
2. Digital audio works
3. Digital books
4. Digital codes

5. Digital applications and games
6. Digital periodicals and discussion forums

Digital audiovisual works are images that, when shown in succession, impart an impression of motion, together with accompanying sounds.

Digital audio works are works that result from the fixation of a series of musical, spoken, or other sounds that are transferred electronically.

Digital books are books that are transferred electronically.

Digital codes are codes that provide a right to obtain one or more digital products. Includes codes used to access or obtain any digital products that have been previously purchased, but does not include traditional gift cards with monetary value redeemable for non-digital products.

Digital applications and games are any applications or games, including add-ons or additional content that can be used by a computer, mobile device, or tablet.

Digital periodicals and discussion forums are digital newspapers, digital magazines, other digital periodicals, chat room discussions, weblogs or other similar products.

Provides that the following are not included as Digital Products:
1. Intangibles such as a patents, stocks, bonds, goodwill, trademarks, franchises, or copyrights.
2. Telecommunications services and ancillary services.
3. Internet access service charges.
4. The representation of a professional service in an electronic form (such as an electronic copy of an engineering report prepared by an engineer).
5. Digital products where the purchaser holds an intellectual property interest if the purchaser uses the product only for commercial purposes.
6. Cable television services, direct-to-home satellite services, video programing services, or satellite digital audio radio services.

Excludes the following:
1. Digital products consumed in producing a new product for sale, where the digital product becomes an ingredient or component of the new product.
2. Digital products that are made available free of charge.

Exempts the following:
1. Digital products (as well as software, prewritten computer software access services, information services) that are (1) purchased exclusively for commercial purposes, (2) used directly in the production of goods and services for sale to customers, and (3)

the goods or services produced and sold are subject to sales and use tax or insurance premium tax.

2. Digital products (as well as prewritten computer software access services and information services) purchased and used by FDIC insured financial institutions (or their affiliates) for storing, transmitting, processing, or analyzing customer and account information, facilitating transactions, account processes, investment processes, lending processes, security and compliance.
3. Digital products used by licensed healthcare facilities and providers for storing or transmitting healthcare information or for the diagnosis or treatment of a medical condition.

Provides that exclusions and exemptions applicable to tangible personal property also apply to digital products, so that all digital products have the same tax treatment as equivalent versions of tangible personal property.

Eliminates the definition of custom computer software and treats all software the same. The previous exemption for customer computer software has been suspended or partly suspended since April 1, 2016.

Act 11 Personal Income and Sales and Use Taxes

Act 11 (House Bill 10) transfers most exclusions out of the definition section (R.S. 47:301) into various exemption provisions and consolidates related exemptions for the following categories:

- Medical
- Agricultural
- Manufacturing machinery and equipment
- Schools and educational materials
- Intergovernmental and government

Updates the definition of sales price to specifically include transportation charges. Transportation charges are already included in the definition of cost price. With the inclusion of these charges in both definitions, charges for delivery (or transportation) of goods by the retailer to the consumer must be included in cost price and sales price for purposes of calculating the sales and use tax.

Provides that telecommunication services (intra and interstate) are subject to the total state sales tax rate of 5% beginning January 1, 2025.

Establishes the state sales tax rate of 5% beginning January 1, 2025 through the following:

Increases the rate of tax imposed by R.S. 47:331 from 0.97% to 1%. Repeals the 0.03% levied in R.S. 51:1286; dedicates 0.03% of the tax collections from R.S. 47:331 annually to the Louisiana Tourism Promotion District. Retains the 0.45% and levies an additional 0.55% in R.S. 47:321.1 beginning January 1, 2025. Provides for a reduction beginning January 1, 2030.

Removes taxable services from R.S. 47:301 and reenacts in a section specific to services. Updates the service of furnishing of accommodations to reflect current practices by clarifying that accommodations can be sold by any provider or seller, including property management companies and accommodations intermediaries. Clarifies that the sales price includes service, facilitator, processing and other similar fees and charges whether separately stated or not.

Clarifies the service of furnishing of admissions to places of amusement, entertainment, recreational events and others similar events to include the sales of tickets and other charges for admissions and for participation in games and amusement activities are taxable. Includes coin-operated amusement devices. Includes any service, facility, processing, facilitator or other similar fee or charge as part of the sales price for purposes of calculating the sales tax.

Adds two new services:

1. Prewritten computer software access; and
2. Information services, which includes charges for furnishing of newsletters, tax guides, research publications, various reports, mailing lists, title abstracts, subscriptions to genealogical, financial, or similar databases, GPS systems and cable television services, direct-to-home satellite services, video programming services and satellite digital audio radio services

Levies an additional state sales and use tax at the rate of 5% on telecommunications services, cable television services, direct-to-home satellite services, video programming services and satellite digital audio radio services. These services are subject to a total state sales tax rate of 10% beginning January 1, 2025. Collections from the additional state levy are dedicated to the Local Revenue Fund, subject to a 1% collection fee to be retained by the Department of Revenue.

Provides for a maximum use tax, after credit for taxes paid, of $90 when a new resident registers a motor vehicle previously registered in another state to the taxpayer as owner or lessee. Applies only to vehicles primarily used for personal purposes and registered within 90 days. All other vehicles continue to be subject to the general credit for taxes paid.

Reduces the maximum monthly amount of vendor's compensation from $1,500 to $750.

Converts the data center sales tax rebate to a sales tax exemption.

Establishes sourcing rules and bundling rules.

Repeals several exemptions and exclusions and aligns the state and local sales tax bases with limited exceptions for food, prescription drugs and medical devices, manufacturing machinery and equipment and business utilities.

Act 11 repeals the graduated brackets and rates for individual income tax and establishes a flat 3% rate beginning January 1, 2025. Increases the standard deduction for single individuals and married filing separate from $4,500 to $12,500. The standard deduction for taxpayers with filing status of married filing joint, qualified surviving spouse and head of household is double (200%) the amount for single individuals.

Increases the annual retirement exemption for individuals age 65+ from $6,000 to $12,000.

Provides for annual adjustments to the standard deduction and retirement exemption based on the percentage increase in the CPI for all urban consumers, as published by the U.S. Department of Labor, for the previous calendar year.

Repeals the following deductions:

- Additional $1,000 deduction for persons 65+, blind, and dependents
- Net capital gain deduction
- IRC Section 280C deduction

Repeals the requirement for tax tables and the individual income tax triggers.

Authorizes a bonus depreciation deduction (or 100% expensing) for qualified property or qualified improvement property and a bonus amortization deduction for research and experimental expenditures, at the election of the taxpayer, for costs of qualified property, qualified improvement property, and research and experimental expenditures.

Sunsets the inventory tax credit for entities taxed as C-corporations for federal purposes effective June 30, 2026. Extends carryforwards of unused inventory tax credits (currently 10 years) by 5 additional years. Limits the applicability of the inventory tax credit to individual income taxes, including credits from pass-through entities, for taxable periods beginning on or after July 1, 2026.

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Repeals expired and underutilized income and franchise tax credits and incentives. Repeals outdated language regarding review of certain credits by the legislature.

Repeals the graduated rates for pass-through entities that elect to be taxed as a corporation and sets the rate as the individual income tax rate by reference beginning January 1, 2025.

Provides for a flat 3% rate for income of an estate or trust.

Act 13 Dedication of Motor Vehicle Sales Tax

Act 13 (House Bill 12) changes various treasury funds.

Revises the dedication of motor vehicle sales tax collections for fiscal years 2025-2026 and 2026-2027. For those two fiscal years, $40M will be deposited into the Megaprojects Leverage Fund for the I-10 Calcasieu River Bridge and I-10 Improvement Accounts. No other dedications will be made during those years. Beginning in fiscal year 2027-2028, the dedication will return to its current level – 60% of collections will be dedicated to the Construction Subfund of the Transportation Trust Fund and the Megaprojects Leverage Fund, split 25% and 75%, respectively. This change is effective July 1, 2025.

Act 16 Oilfield Site Restoration Fund and Fees

Act 16 (House Bill 23) increases the Oilfield Site Restoration Fee for oil and gas wells beginning July 1, 2025.

Provides that the fee for wells that produce crude oil and condensate is as follows:

(i) The fee shall be two cents per barrel on crude oil and condensate if the price of oil is at or below $60 per barrel.

(ii) The fee shall be four cents per barrel on crude oil and condensate if the price of oil is above $60 and at or below $90 per barrel.
(iii) The fee shall be six cents per barrel on crude oil and condensate if the price of oil is above $90 per barrel.

Provides that the fee for natural gas and casing head gas is as follows:
(i) The fee shall be three-tenths of one cent per thousand cubic feet if the price of gas is at or below $2.50 per thousand cubic feet.
(ii) The fee shall be four-tenths of one cent per thousand cubic feet if the price of gas is above $2.50 and at or below $4.50 per thousand cubic feet.
(iii) The fee shall be five-tenths of one cent per thousand cubic feet if the price of gas is above $4.50 per thousand cubic feet.

Repeals R.S. 30:86(C) which contains the floor and cap for the Oilfield Site Restoration Fund. Under current law, when the balance in the fund reaches the cap, the Treasurer certifies that balance to the Department of Revenue and collections are ceased. Once this provision is repealed, there will no longer be any triggers to cease and/or resume collections.

Act 18 Severance Tax

Act 18 (House Bill 25) enacts various definitions related to the determination of payout of well cost for purposes of the horizontal well exemption. Going forward, the well cost statement submitted to the Department of Energy and Natural Resources must be verified by a qualified accountant.