

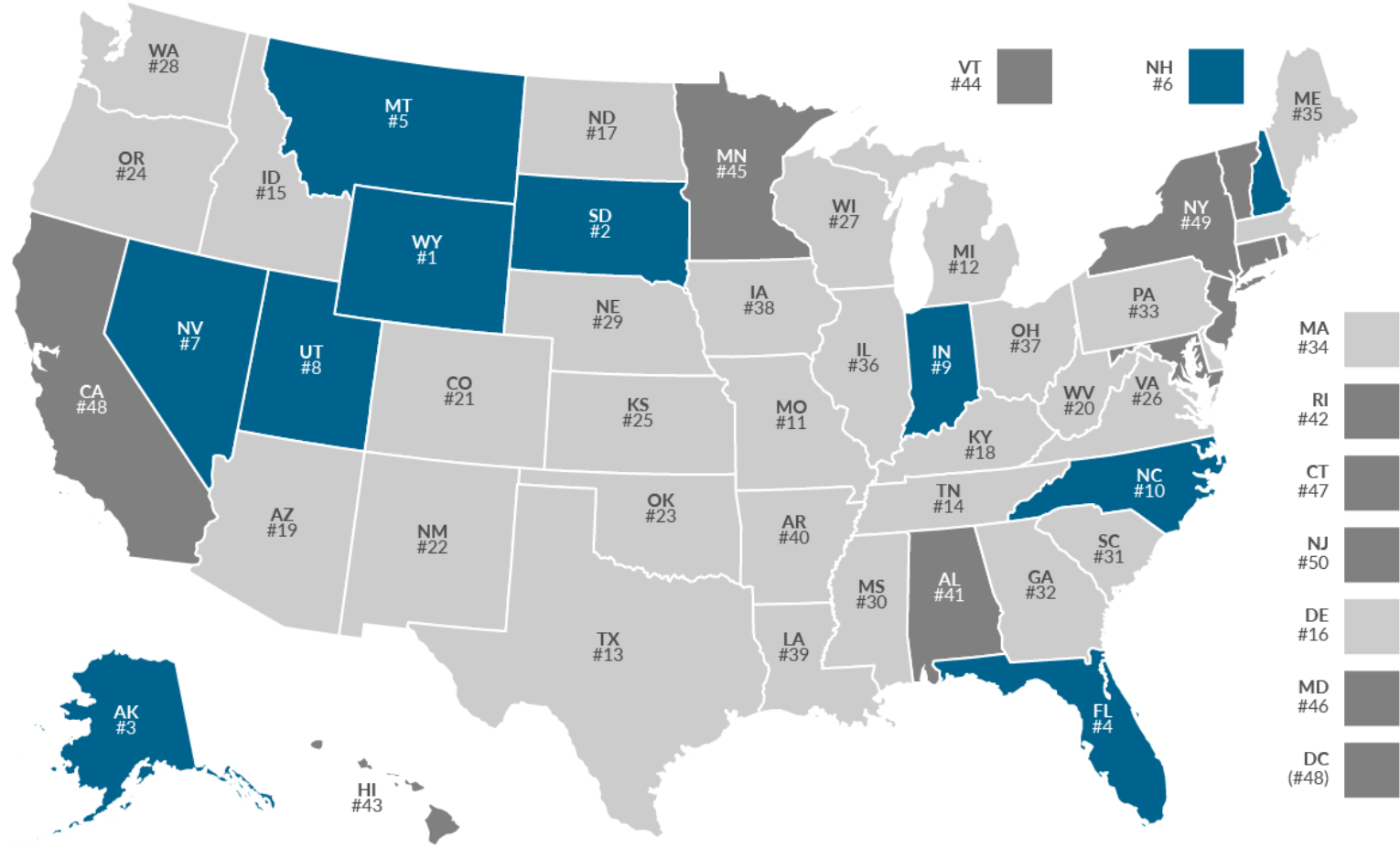
Louisiana's Income Tax and Its Competitive Standing

January 31, 2023

Janelle Fritts
Policy Analyst
Center for State Tax Policy
jfritts@taxfoundation.org



2023 State Business Tax Climate Index

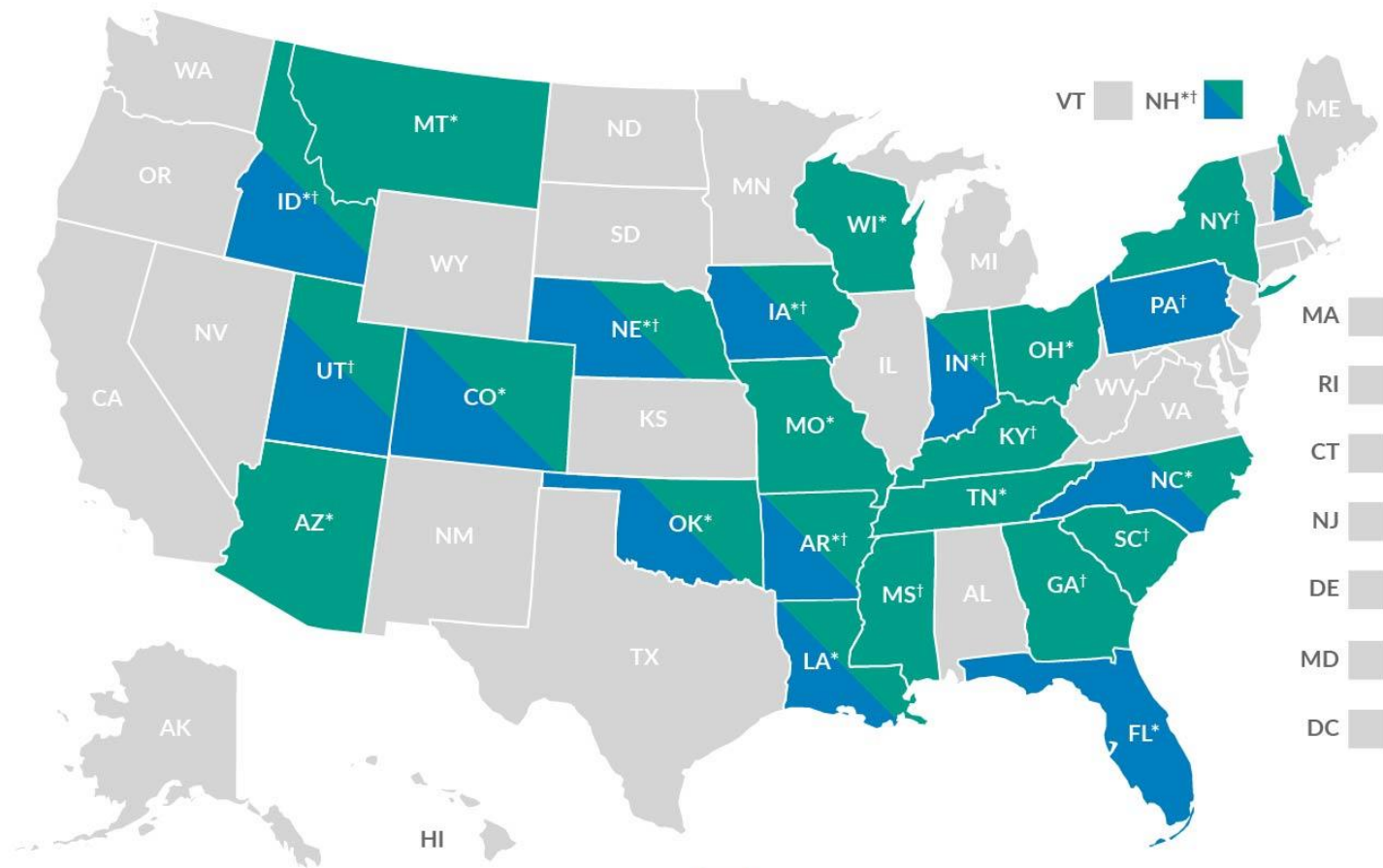


Note: A rank of 1 is best, 50 is worst. D.C.'s score and rank do not affect other states. The report shows tax systems as of July 1, 2022 (the beginning of Fiscal Year 2023). Source: Tax Foundation.

10 Best Business Tax Climates
10 Worst Business Tax Climates

Income Tax Rate Reductions Enacted or Implemented in 2021 and 2022

As of July 13, 2022



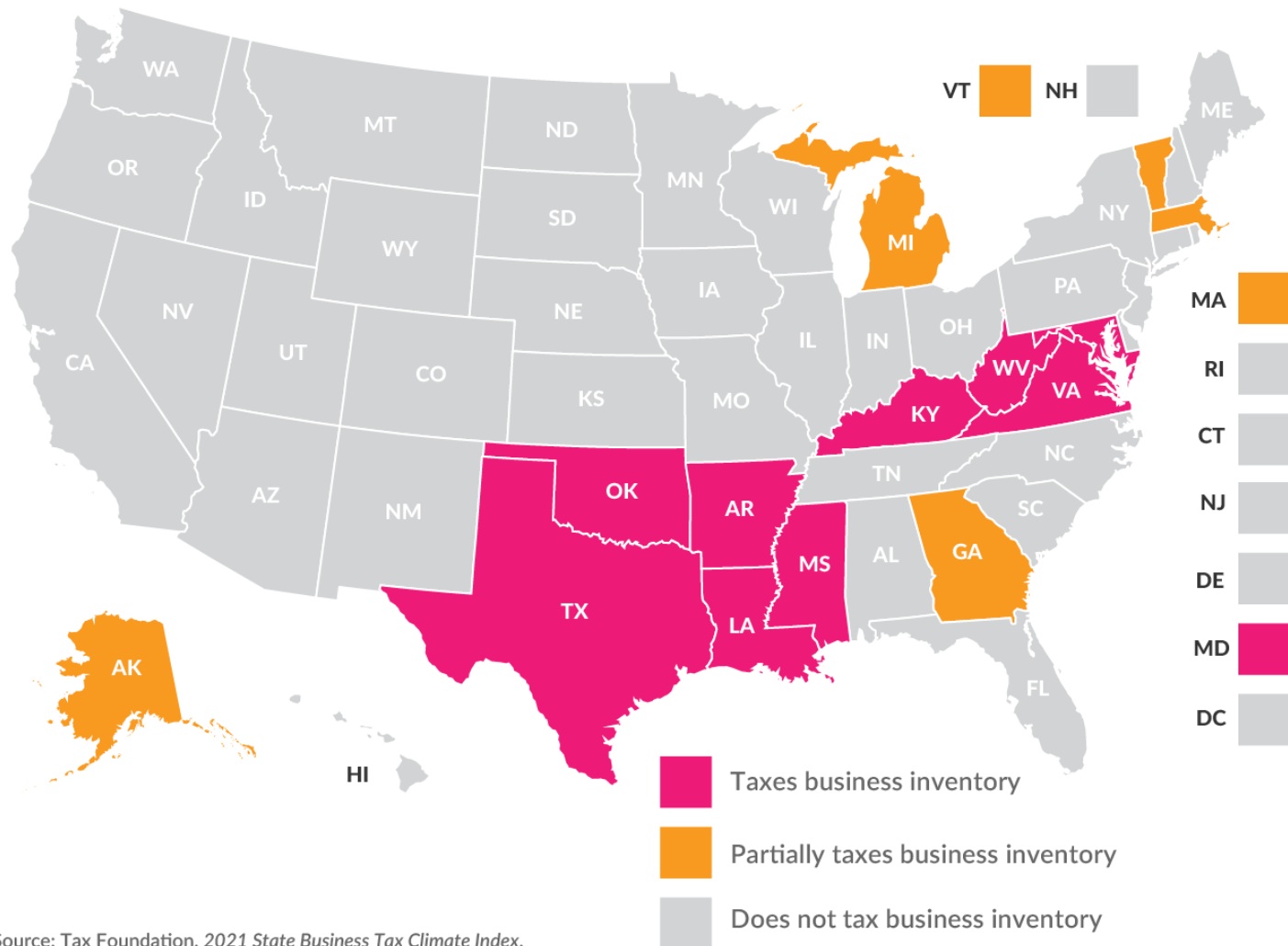
Note: In Florida, a corporate income tax rate reduction was automatically triggered for 2021 only. Colorado's Taxpayer's Bill of Rights (TABOR) triggered a temporary individual and corporate income tax rate reduction for 2021. New Hampshire does not tax wage and salary income, but its tax on individual interests and dividends income is phasing out over time. Tennessee's tax on interests and dividends income, the Hall Tax, was eliminated effective January 1, 2021.

Source: Tax Foundation.

- Individual Income Tax Reduction
- Corporate Income Tax Reduction
- * Rate reduction enacted/implemented in 2021
- † Rate reduction enacted/implemented in 2022

Does Your State Tax Business Inventory?

Property Taxes on Business Inventory as of July 1, 2020



Source: Tax Foundation, 2021 State Business Tax Climate Index.

FLAT INCOME TAXES

- Protected against bracket creep from inflation
- Buffer against rising rates
- Easier to predict revenue

13 States Have, Or Are Implementing, Flat Income Taxes

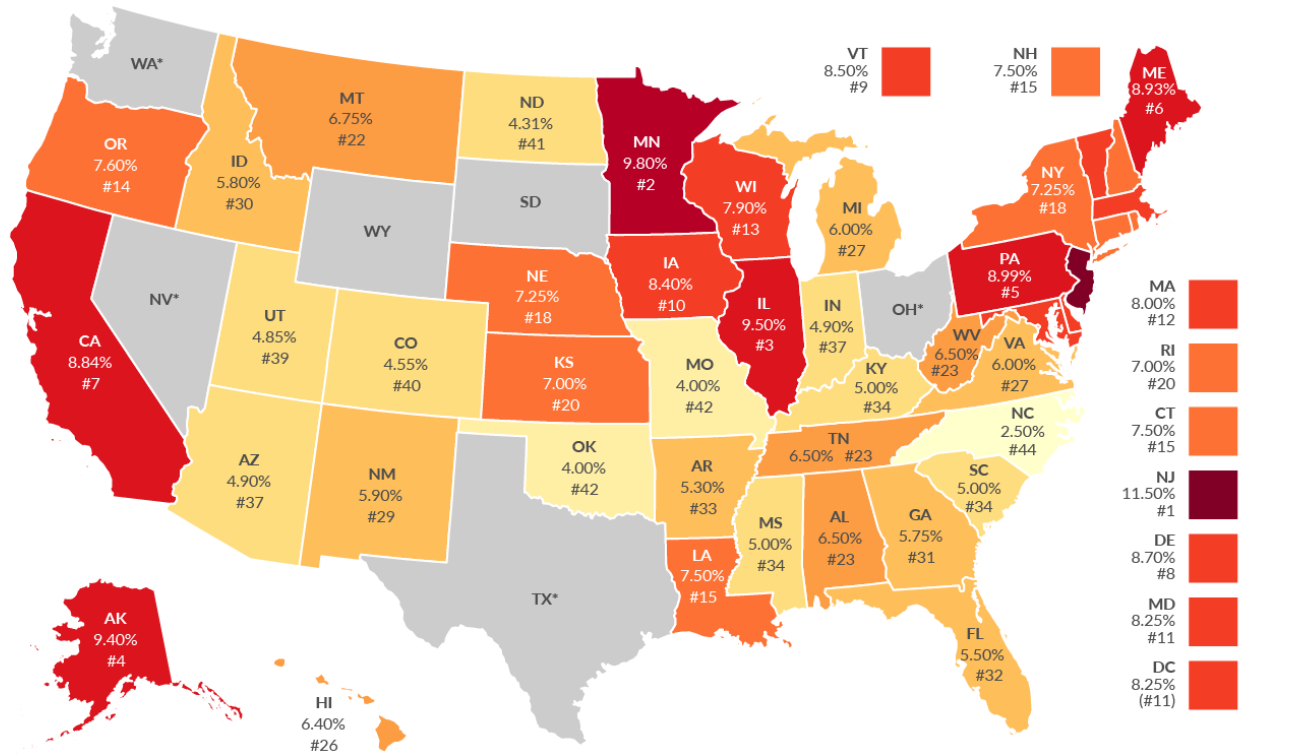
State	PIT Adopted	Flat As Of	Constitutional
<i>Arizona</i>	1933	2024	
Colorado	1937	1987	✓
<i>Georgia</i>	1929	2024	
Illinois	1969	Always	✓
Indiana	1965	Always	
<i>Iowa</i>	1934	2026	
Kentucky	1936	2019	
Massachusetts	1917	Always	✓
Michigan	1967	Always	✓
<i>Mississippi</i>	1912	2023	
North Carolina	1921	2014	
Pennsylvania	1971	Always	✓
Utah	1971	2007	

Notes: Georgia, Iowa, and Mississippi are implementing flat taxes in accordance with legislation enacted this year, while in Arizona, a court has cleared the implementation of a 2021 law. Implementation dates in Arizona and Georgia are contingent on revenue availability.

Sources: State statutes; Tax Foundation research.

How High are Corporate Income Tax Rates in Your State?

Top Marginal Corporate Income Tax Rates as of January 1, 2023



Note: In addition to regular income taxes, many states impose other taxes on corporations such as gross receipts taxes and franchise taxes. Some states also impose an alternative minimum tax and special rates on financial institutions.

*Nevada, Ohio, Texas, and Washington do not have a corporate income tax but do have a gross receipts tax with rates not strictly comparable to corporate income tax rates. Delaware, Oregon, and Tennessee have gross receipts taxes in addition to corporate income taxes, as do several states like Pennsylvania, Virginia, and West Virginia, which permit gross receipts taxes at the local (but not state) level.

Connecticut has historically charged a 10% surtax on a business's tax liability if it has gross proceeds of \$100 million or more, or if it files as part of a combined unitary group. This surtax expired on January 1. Legislators have extended the surtax in the past and will decide whether to do so again this session. Illinois' rate includes two separate corporate income taxes, one at a 7% rate and one at a 2.5% rate.

In New Jersey, the rates indicated apply to a corporation's entire net income rather than just income over the threshold. A temporary and retroactive surcharge is in effect from 2020 through 2023, bringing the rate to 11.5% for businesses with income over \$1 million.

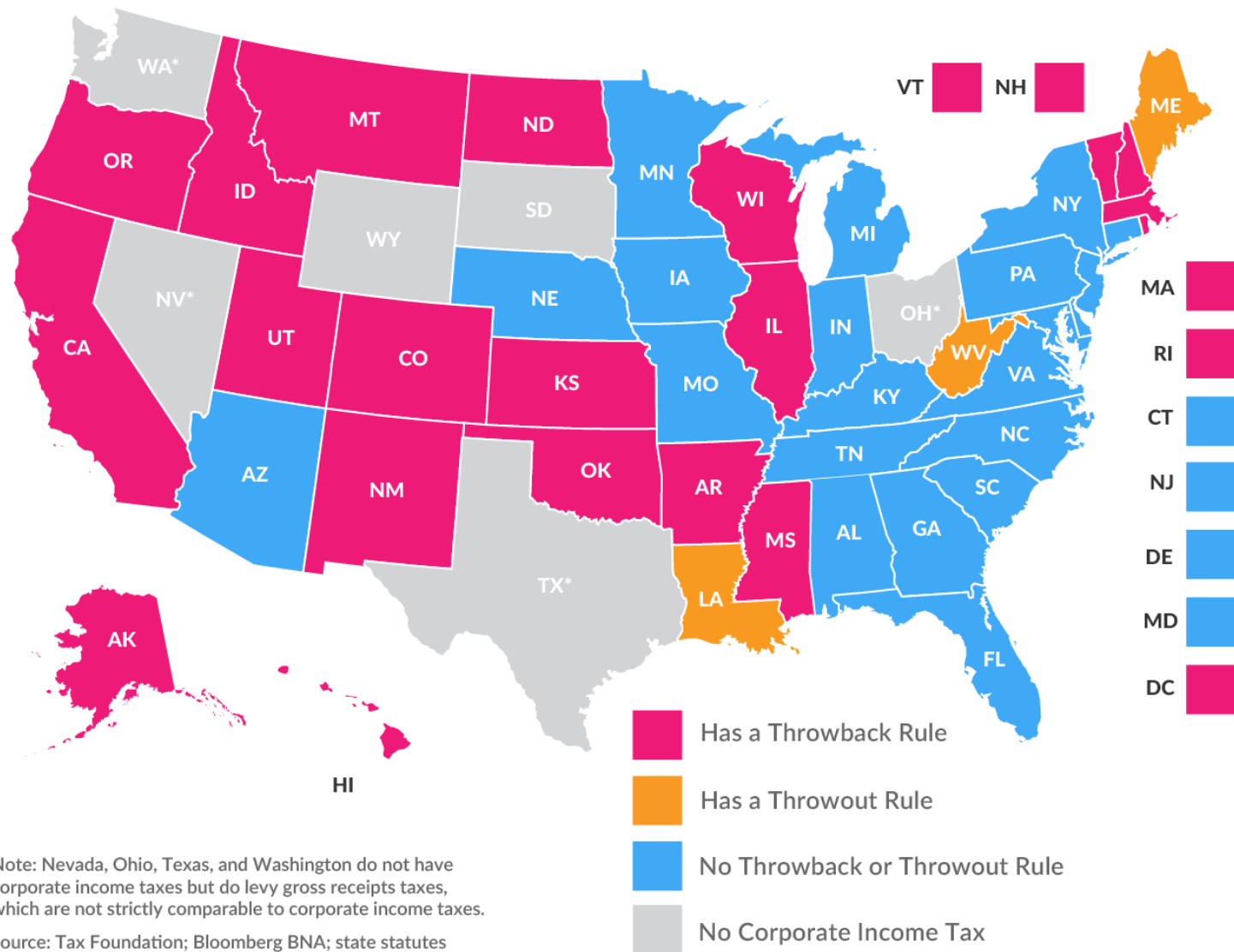
Sources: Tax Foundation; state tax statutes, forms, and instructions; Bloomberg Tax.

Top State Marginal Corporate Income Tax Rates



Does Your State Have a Throwback or Throwout Rule?

State Throwback and Throwout Rules as of July 1, 2021



Note: Nevada, Ohio, Texas, and Washington do not have corporate income taxes but do levy gross receipts taxes, which are not strictly comparable to corporate income taxes.

Source: Tax Foundation; Bloomberg BNA; state statutes

POSSIBLE FUTURE REFORMS FOR LOUISIANA

- Flat income tax
- Continued rate reductions
- Permanent Full Expensing
- Elimination of the throwout rule
- Unified sales tax base/modernized sales tax base

Questions?

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