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The original instrument was prepared by Leonore F. Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by James Benton.

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DIGEST

SB 13 Engrossed

2016 Second Extraordinary Session

Morrell

Present law provides for an individual income tax deduction for net capital gains attributable to the sale or exchange of an equity interest in or the assets of a privately held business commercially domiciled in this state.

Present law provides that acts of the legislature are severable and that the invalidity of one provision of the act does not invalidate other provisions of the act that can be given effect without the invalid provision.

Proposed law retains the capital gains deduction provided in present law.

Proposed law requires a business to be domiciled in the state for a minimum of five years prior to becoming eligible to claim the deduction. Further reduces the amount of the deduction in the following tier percentage rates:

- (1) 50% for a business domiciled in the state for 5 years or more, but less than 10 years.
- (2) 60% for a business domiciled in the state for 10 years or more, but less than 15 years.
- (3) 70% for a business domiciled in the state for 15 years or more, but less than 20 years.
- (4) 80% for a business domiciled in the state for 20 years or more, but less than 25 years.
- (5) 90% for a business domiciled in the state for 25 years or more, but less than 30 years.
- (6) 100% for a business domiciled in the state for 30 years or more.

Proposed law provides that proposed law shall be applicable to sales or exchanges of equity interests or substantially all of the assets that occur on or after the effective date of proposed law.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 47:293(9)(a)(xvii))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Makes technical changes.
2. Provides limits for the deduction.
3. Provides for applicability.