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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 1 Engrossed

2018 First Extraordinary Session

Morrell

Present law provides for limitations to the individual income tax credit for taxes paid to another state and sunsets the limitations on June 30, 2018.

Proposed law repeals the sunset date and makes the limitations permanent.

Present law provides that the credit for taxes paid in other states shall be limited to the amount of Louisiana income tax that would have been imposed if the income earned in the other state had been earned in Louisiana.

Proposed law retains present law but provides that the credit shall not exceed the proportion of the net income tax payable under present law as the income subject to tax in the other state and also taxable under present law bears to the taxpayer's entire income upon which the net income tax is imposed by present law.

Proposed law retains present law and further provides that for taxes paid on or after January 1, 2018, an individual partner or member who pays another state's entity level tax that does not have a capital component shall be allowed a deduction of their proportionate share of the entity level tax paid.

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

(Amends R.S. 47:33(A)(5) and Section 4 of Act 109 of 2015 R.S.; adds R.S. 47:33(A)(7); repeals Section 2 of Act 109 of 2015 R.S.)

Summary of Amendments Adopted by Senate

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

1. Provides that the credit shall not exceed the proportion of the net income tax payable under Louisiana law.
2. Provides a deduction for another state's entity level tax that does not have a capital component.