2018 Second Extraordinary Session

HOUSE BILL NO. 18

BY REPRESENTATIVE JACKSON

TAX CREDITS: Provides relative to the individual income tax credit for taxes paid to other
   states (Item #17)

1   AN ACT

2   To amend and reenact R.S. 47:33(A)(5) and Section 4 of Act No. 109 of the 2015 Regular

3   Session of the Legislature, to enact R.S. 47:33(A)(7), and to repeal Section 2 of Act

4   No. 109 of the 2015 Regular Session of the Legislature, relative to the individual

5   income tax credit for taxes paid to other states; to repeal provisions providing for an

6   increase in the credit; to limit the amount of the credit; to authorize a deduction of

7   income taxes paid to other states under certain circumstances; to provide for

8   effectiveness; and to provide for related matters.

9   Be it enacted by the Legislature of Louisiana:

10   Section 1. R.S. 47:33(A)(5) is hereby amended and reenacted and R.S. 47:33(A)(7)

11   is hereby enacted to read as follows:

12   §33. Credit for taxes paid in other states

13   A. Subject to the following conditions, resident individuals shall be allowed

14   a credit against the taxes imposed by this Chapter for net income taxes imposed by

15   and paid to another state on income taxable under this Chapter, provided that:

16   *   *   *

17   (5)(a) The credit shall be limited to the amount of Louisiana income tax that

18   would have been imposed if the income earned in the other state had been earned in

19   Louisiana.

1   (b) The credit shall not be allowed for tax paid on income that is not subject

2   to tax in Louisiana. The amount of the credit shall not exceed the ratio which shall

3   be determined by multiplying the taxpayer's Louisiana income tax liability before

4   consideration of any credit described in Subsection A of this Section by a fraction,

5   the numerator of which is the taxpayer's Louisiana tax table income attributable to

6   other states to which net income taxes were paid by a resident individual, and the

7   denominator of which is total Louisiana tax table income.

8   *   *   *

9   (7) For taxes paid on or after January 1, 2018, an individual partner, member,

10   or shareholder who pays another state's entity level tax that does not have a capital

11   component shall be allowed a deduction of their proportionate share of the entity

12   level tax paid.

13   *   *   *

14   Section 2. Section 4 of Act No. 109 of the 2015 Regular Session of the Legislature

15 is hereby amended and reenacted to read as follows:

16   *   *   *

17   Section 4. The provisions of Sections 1 ~~and 3~~, 3, and 4 of this Act shall

18   become effective on July 1, 2015~~, and shall remain effective through June 30, 2018,~~

19   ~~at which time the provisions of Sections 1 and 3 of this Act shall become null, void,~~

20   ~~and of no effect. The provisions of Section 4 of this Act shall become effective on~~

21   ~~July 1, 2015. The provisions of Section 2 of this Act shall become effective on July~~

22   ~~1, 2018~~.

23   Section 3. Section 2 of Act No. 109 of the 2015 Regular Session of the Legislature

24 is hereby repealed in its entirety.

25   Section 4. This Act shall become effective upon signature by the governor or, if not

26 signed by the governor, upon expiration of the time for bills to become law without signature

27 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

28 vetoed by the governor and subsequently approved by the legislature, this Act shall become

29 effective on the day following such approval.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored
are additions.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 18 Original   2018 Second Extraordinary Session   Jackson

Abstract: Removes the three-year sunset provision of Act No. 109 of the 2015 R.S. relative to the individual income tax credit for net taxes paid to other states and authorizes a deduction for entity level tax paid under certain circumstances.

Present law authorizes an individual income tax credit in an amount equal to income taxes paid for the same taxable period to another state on income that is subject to La. tax if the other state authorizes a similar credit.

Present law authorizes a credit for three years in an amount of the lesser of the actual amount of tax paid to the other state or the amount of La. income tax that would have been imposed if the income had been earned in La.

Present law provides for termination (sunset) in three years of those provisions of present law that require the state to which income taxes were paid to authorize a similar credit and that the credit amount be the lesser of the actual amount of tax paid to the other state or the amount of La. income tax that would have been imposed if the income had been earned in La.

Proposed law repeals the termination provisions thereby providing for permanent effectiveness of present law.

Proposed law prohibits the credit for tax paid on income that is not subject to tax in this state. Further provides that the amount of the credit shall not exceed the ratio of La. income tax liability before consideration of certain credits authorized in present law by a fraction, the numerator of which is the taxpayer's La. tax table income attributable to other states to which net income taxes were paid by a resident individual, and the denominator of which is total La. tax table income.

Proposed law provides that for taxes paid on or after Jan. 1, 2018, an individual partner, member, or shareholder 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 governor or lapse of time for gubernatorial action.

(Amends R.S. 47:33(A)(5) and §4 of Act No. 109 of 2015 R.S.; Adds R.S. 47:33(A)(7); Repeals §2 of Act No. 109 of 2015 R.S.)

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