HLS 21RS-139 REENGROSSED

2021 Regular Session

HOUSE BILL NO. 369

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BY REPRESENTATIVE IVEY

TAX/INCOME TAX: (Constitutional Amendment) Provides for a flat tax on individual income and eliminates the mandatory income tax deduction for federal income taxes paid for purposes of computing income taxes

A JOINT RESOLUTION

Proposing to amend Article VII, Section 4(A) of the Constitution of Louisiana, relative to

income taxation; to provide with respect to the rates and brackets for purposes of calculating individual income taxes; to provide for a flat rate for individual income taxes; to provide with respect to the deductibility of federal income taxes paid for purposes of computing state income taxes; to eliminate the mandatory deduction of federal income taxes paid for purposes of computing state income taxes; to provide for applicability; to provide for an effective date; to provide for submission of the proposed amendment to the electors; and to provide for related matters. Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 4(A) of the Constitution of Louisiana, to read as follows: §4. Income Tax; Severance Tax; Political Subdivisions Section 4.(A) Income Tax. Equal and uniform taxes may be levied on net incomes, and these taxes may be graduated according to the amount of net income. However, the state individual and joint income tax schedule of rates and brackets shall never exceed the rates and brackets set forth in Title 47 of the Louisiana Revised Statutes on January 1, 2003. Federal income taxes paid shall be allowed as

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1 a deductible item in computing state income taxes for the same period. The state tax 2 levied on the net income of individuals shall be levied at a flat rate which shall be 3 established in law. 4 5 Section 2. Be it further resolved that the provisions of the amendment contained in 6 this Joint Resolution shall become effective on January 1, 2023, and shall be applicable for 7 tax years beginning on or after January 1, 2023. 8 Section 3. Be it further resolved that this proposed amendment shall be submitted 9 to the electors of the state of Louisiana at the statewide election to be held on November 8, 10 2022. 11 Section 4. Be it further resolved that on the official ballot to be used at the election, 12 there shall be printed a proposition, upon which the electors of the state shall be permitted 13 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as 14 follows: 15 Do you support an amendment to require that state individual income be 16 taxed at a flat rate and to eliminate the deduction of federal income taxes 17 paid in computing state income taxes? (Effective January 1, 2023) (Amends 18 Article VII, Section 4(A))

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 369 Reengrossed

2021 Regular Session

Ivey

Abstract: Requires a flat individual income tax rate and eliminates the mandatory deduction for federal income taxes paid for purposes of computing income taxes.

<u>Present constitution</u> authorizes equal and uniform taxes to be levied on net income. Further authorizes the rates for these taxes to be graduated according to the amount of the taxpayer's net income; however, the state individual and joint income tax schedule of rates and brackets are prohibited from exceeding the rates and brackets as they existed on Jan. 1, 2003.

<u>Present law</u> provides for a tax to be assessed, levied, collected, and paid upon the taxable income of an individual at the following rates and brackets:

(1) 2% on the first \$12,500 of net income.

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- (2) 4% on the next \$37,500 of net income.
- (3) 6% on net income in excess of \$50,000.

<u>Proposed constitutional amendment</u> deletes the reference to the individual income tax rates and brackets in existence on Jan. 1, 2003, in favor of specifying that a state tax levied on individual income shall be levied at a flat rate which shall be established in law.

<u>Present constitution</u> requires federal income taxes paid to be allowed as a deductible item in computing state income taxes for the same period.

<u>Proposed constitutional amendment</u> changes <u>present constitution</u> by eliminating the mandatory deductibility of federal income taxes paid when computing income tax liability.

Effective Jan. 1, 2023, and applicable to tax years beginning on or after Jan. 1, 2023.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 8, 2022.

(Amends Const. Art. VII, §4(A))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by <u>House Committee on Civil Law and Procedure</u> to the <u>engrossed</u> bill:

- 1. Make technical changes to the ballot language.
- 2. Change the date of submission of the proposed amendment to the voters <u>from</u> Oct. 9, 2021, to Nov. 8, 2022.
- 3. Change the effective date from Jan. 1, 2022, to Jan. 1, 2023.