
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 173 Original

2023 Regular Session

DeVillier

Abstract: Phases-out individual income taxes and taxes levied on the income of estates and trusts over five years and repeals the automatic reduction in each individual income tax rate if certain revenue thresholds are met.

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

- (1) 1.85% on the first \$12,500 of net income.
- (2) 3.5% on the next \$37,500 of net income.
- (3) 4.25% on net income in excess of \$50,000.

Proposed law changes present law for taxable years beginning on or after Jan. 1, 2024, but before Jan. 1, 2025, by reducing the tax rates for individual income tax as follows:

- (1) From 1.85% to 1.48% on the first \$12,500 of net income.
- (2) From 3.5% to 2.8% on the next \$37,500 of net income.
- (3) From 4.25 to 3.4% on net income in excess of \$50,000.

Proposed law provides for the further reduction of individual income tax rates for taxable years beginning on or after Jan. 1, 2025, but before Jan. 1, 2026, as follows:

- (1) From 1.48% to 1.11% on the first \$12,500 of net income.
- (2) From 2.8% to 2.1% on the next \$37,500 of net income.
- (3) From 3.4% to 2.55% on net income in excess of \$50,000.

Proposed law provides for the further reduction of individual income tax rates for taxable years beginning on or after Jan. 1, 2026, but before Jan. 1, 2027, as follows:

- (1) From 1.11% to .74% on the first \$12,500 of net income.

- (2) From 2.1% to 1.4% on the next \$37,500 of net income.
- (3) From 2.55% to 1.7% on net income in excess of \$50,000.

Proposed law provides for the further reduction of individual income tax rates for taxable years beginning on or after Jan. 1, 2027, but before Jan. 1, 2028, as follows:

- (1) From .74% to .37% on the first \$12,500 of net income.
- (2) From 1.4% to .7% on the next \$37,500 of net income.
- (3) From 1.7% to .85% on net income in excess of \$50,000.

Proposed law prohibits tax from being assessed, levied, collected, or paid upon the taxable income of an individual for taxable years beginning on or after Jan. 1, 2028.

Present law provides for a tax to be assessed, levied, collected, and paid on the La. taxable income of an estate or trust at the following rates:

- (1) 1.85% on the first \$10,000 of La. taxable income.
- (2) 3.5% on the next \$40,000 of La. taxable income.
- (3) 4.25% on La. taxable income in excess of \$50,000.

Proposed law changes present law for taxable years beginning on or after Jan. 1, 2024, but before Jan. 1, 2025, by reducing the tax rates for taxes levied on estates and trusts as follows:

- (1) From 1.85% to 1.48% on the first \$10,000 of La. taxable income.
- (2) From 3.5% to 2.8% on the next \$40,000 of La. taxable income.
- (3) From 4.25% to 3.4% on La. taxable income in excess of \$50,000.

Proposed law provides for the further reduction of the tax levied on the taxable income of estates and trusts for taxable years beginning on or after Jan. 1, 2025, but before Jan. 1, 2026, as follows:

- (1) From 1.48% to 1.11% on the first \$10,000 of La. taxable income.
- (2) From 2.8% to 2.1% on the next \$40,000 of La. taxable income.
- (3) From 3.4% to 2.55% on La. taxable income in excess of \$50,000.

Proposed law provides for the further reduction of the tax levied on the taxable income of estates and trusts for taxable years beginning on or after Jan. 1, 2026, but before Jan. 1, 2027, as follows:

- (1) From 1.11% to .74% on the first \$10,000 of La. taxable income.
- (2) From 2.1% to 1.4% on the next \$40,000 of La. taxable income.
- (3) From 2.55% to 1.7% on La. taxable income in excess of \$50,000.

Proposed law provides for the further reduction of the tax levied on the taxable income of estates and trusts for taxable years beginning on or after Jan. 1, 2027, but before Jan. 1, 2028, as follows:

- (1) From .74% to .37% on the first \$10,000 of La. taxable income.
- (2) From 1.4% to .7% on the next \$40,000 of La. taxable income.
- (3) From 1.7% to .85% on La. taxable income in excess of \$50,000.

Proposed law prohibits tax from being assessed, levied, collected, or paid on the taxable income of an estate or trust beginning on or after Jan. 1, 2028.

Present law requires the reduction of each individual income tax rate if, beginning April 1, 2024, and each April first thereafter through 2034, the prior fiscal year's actual individual income tax collections as reported in the state's accounting system exceed the actual individual income tax collections for the fiscal year ending June 30, 2019, adjusted annually by the growth factor provided for in existing constitution. If the conditions in present law are met, individual income tax rates are reduced beginning the following January first.

Present law requires the reduced rate to be calculated by multiplying each current rate by the difference between one and the percentage change in individual income tax collections in excess of the individual income tax collections for Fiscal Year 2018-2019 adjusted annually by the growth factor as provided for in present constitution. Further prohibits this reduction unless both of the following conditions are met:

- (1) The prior fiscal year's actual total tax, licenses, and fees exceed the actual total tax, licenses, and fees for Fiscal Year 2018-2019, adjusted annually by the growth factor provided for in existing constitution.
- (2) The Budget Stabilization Fund balance as determined by the treasurer is at least 2.5% of the total state revenue receipts from the prior fiscal year.

Proposed law repeals present law.

Proposed law applies to taxable years beginning on or after Jan. 1, 2024.

Effective Jan. 1, 2024.

(Amends R.S. 47:31, 32(A), and 300.1; Repeals R.S. 47:32.1)