HLS 243ES-36 ORIGINAL

2024 Third Extraordinary Session

HOUSE BILL NO. 19

1

BY REPRESENTATIVE GLORIOSO

TAX/INCOME TAX: Requires taxpayers to file a declaration of estimated tax for certain debts (Items #5 and 11)

AN ACT

2 To amend and reenact R.S. 47:116(A), relative to income taxes; to provide for the filing of 3 declarations of estimated taxes; to require the filing of a declaration of estimated 4 taxes under certain circumstances; to provide for limitations and requirements; to 5 provide for applicability; to provide for an effective date; and to provide for related 6 matters. 7 Be it enacted by the Legislature of Louisiana: 8 Section 1. R.S. 47:116(A) is hereby amended and reenacted to read as follows: 9 §116. Declarations of estimated income tax by individuals 10 A. Requirement of declaration. Every (1) Except as provided for in 11 Paragraph (2) of this Subsection, every individual whose Louisiana income tax 12 liability can reasonably be expected to exceed two hundred dollars for declarations 13 of estimated tax for income tax years starting prior to January 1, 2001, and one 14 thousand dollars for declarations of estimated tax for income tax years starting on 15 and after January 1, 2001, after deducting all allowable credits, shall be liable for 16 filing of a declaration of estimated tax. 17 (2) Every individual whose estimated Louisiana income tax liability can 18 reasonably be expected to exceed three hundred dollars for tax years beginning on 19 or after January 1, 2025, after deducting all allowable credits, shall be required to file a declaration of estimated tax for any debt forgiven as a result of the settlement of 20

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1 a lawsuit or any debt forgiven by a business which has entered into any of the 2 following agreements with the taxpayer: 3 (a) An agreement to finance litigation. 4 (b) To purchase the accounts receivable of a medical provider for the collection of medical debts directly related to the treatment of a plaintiff in a tort 5 6 claim. 7 (c) Any factoring contract related to accounts receivable of a medical 8 provider for debts associated with the treatment of a plaintiff in a tort claim. 9 10 Section 2. The provisions of this Act shall be applicable to taxable periods beginning 11 on or after January 1, 2025. 12 Section 3. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature 13 14 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If 15 vetoed by the governor and subsequently approved by the legislature, this Act shall become 16 effective on the day following such approval.

## 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 19 Original

2024 Third Extraordinary Session

Glorioso

**Abstract:** Requires every individual whose estimated La. income tax liability is expected to exceed \$300 after deducting all allowable credits, to file a declaration of estimated tax for any debt forgiven as a result of a lawsuit or debt forgiven by a business which has entered into certain agreements with the taxpayer to finance litigation or other medical related debts resulting from treatment of a plaintiff in a tort claim.

<u>Present law</u> requires every individual whose La. income tax liability is expected to exceed \$1,000 for declarations of estimated tax for income tax years beginning on and after Jan. 1, 2001, after deducting all allowable credits, to file a declaration of estimated tax. Further authorizes a husband and wife to jointly file a single declaration; however, if a joint declaration is made but a joint return is not filed for the taxable year, the estimated tax for the year may be treated as the estimated tax of either the husband or the wife, or may be divided between them.

<u>Proposed law</u> retains <u>present law</u> but adds a specific requirement that, beginning in tax year Jan. 1, 2025, every individual whose estimated La. income tax liability is expected to exceed \$300 after deducting all allowable credits is required to file a declaration of estimated tax

## Page 2 of 3

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for any debt forgiven as a result of the settlement of a lawsuit or any debt forgiven by a business which has entered into any of the following agreements with the taxpayer:

- (1) An agreement to finance litigation.
- (2) To purchase the accounts receivable of a medical provider for the collection of medical debts directly related to the treatment of a plaintiff in a tort claim.
- (3) Any factoring contract related to accounts receivable of a medical provider for debts associated with the treatment of a plaintiff in a tort claim.

Proposed law is applicable to tax periods beginning on or after Jan. 1, 2025.

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

(Amends R.S. 47:116(A))