2016 First Extraordinary Session

HOUSE BILL NO. 51

BY REPRESENTATIVE ABRAMSON

TAX/INCOME TAX: Reduces the rates and adjusts the brackets for purposes of calculating individual income tax and provides relative to certain deductions (Items #3 and 19)

1	AN ACT
2	To amend and reenact R.S. 47:32(A), 293(10), and 295(B) and to repeal R.S. 47:293(3) and
3	(9)(a)(xi), relative to individual income tax; to provide with respect to the income
4	tax rates and brackets for purposes of calculating individual income tax; to provide
5	relative to certain deductions; to repeal the deduction for excess federal itemized
6	personal deductions; to provide for applicability; and to provide for related matters.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. R.S. 47:32(A), 293(10), and 295(B) are hereby amended and reenacted
9	to read as follows:
10	§32. Rates of tax
11	A. On individuals. The tax to be assessed, levied, collected and paid upon
12	the taxable income of an individual shall be computed at the following rates:
13	(1) Two One percent on that portion of the first twelve thousand five
14	hundred dollars of net income which is in excess of the credits against net income
15	provided for in R.S. 47:79;
16	(2) Four <u>Three</u> percent on the next thirty-seven thousand <u>twelve thousand</u>
17	five hundred dollars of net income;
18	

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1	(3) Six Five percent on any amount of net income in excess of fifty twenty-
2	five thousand dollars of net income.
3	* * *
4	§293. Definitions
5	The following definitions shall apply throughout this Part, unless the context
6	requires otherwise:
7	* * *
8	(10) "Tax table income", for nonresident individuals, means the amount of
9	Louisiana income, as provided in this Part, allocated and apportioned under the
10	provisions of R.S. 47:241 through 247, plus the total amount of the personal
11	exemptions and deductions already included in the tax tables promulgated by the
12	secretary under authority of R.S. 47:295, less the proportionate amount of the federal
13	income tax liability, excess federal itemized personal deductions, the temporary
14	teacher deduction, the recreation volunteer and volunteer firefighter deduction, the
15	construction code retrofitting deduction, any gratuitous grant, loan, or other benefit
16	directly or indirectly provided to a taxpayer by a hurricane recovery entity if such
17	benefit was included in federal adjusted gross income, the exclusion provided for in
18	R.S. 47:297.3 for S Bank shareholders, the deduction for expenses disallowed by
19	I.R.C. Section 280C, the deduction for net capital gains, and personal exemptions
20	and deductions provided for in R.S. 47:294. The proportionate amount is to be
21	determined by the ratio of Louisiana income to federal adjusted gross income. When
22	federal adjusted gross income is less than Louisiana income, the ratio shall be one
23	hundred percent.
24	* * *
25	§295. Tax imposed on individuals; administration
26	* * *
27	B. The secretary shall establish tax tables that calculate the tax owed by
28	taxpayers based upon where their taxable income falls within a range that shall not
29	exceed two hundred fifty dollars. The secretary shall provide in the tax tables that

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	the combined personal exemption, standard deduction, and other exemption
2	deductions in R.S. 47:294 shall be deducted from the two percent lowest bracket.
3	If such combined exemptions and deductions exceed the two percent lowest bracket,
4	the excess shall be deducted from the four percent middle bracket. If such combined
5	exemptions and deductions exceed the two and four percent lowest two brackets, the
6	excess shall be deducted from the six percent highest bracket.
7	* * *
8	Section 2. R.S. 47:293(3) and (9)(a)(xi) are hereby repealed in their entirety.
9	Section 3. The provisions of this Act shall be applicable to all taxable years
10	beginning on and after January 1, 2017.

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 51 Original2016 First Extraordinary SessionAbramson

Abstract: Reduces the individual income tax rates and brackets for purposes of calculating the individual income tax and repeals the deduction for excess federal itemized personal deductions.

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

<u>Proposed law</u> changes the rates and brackets as follows:

- (1) 1% on the first \$12,500 of net income;
- (2) 3% on the next \$12,500 of net income;
- (3) 5% on net income in excess of \$25,000.

<u>Present law</u> requires the secretary of the Dept. of Revenue to establish tax tables that calculate the tax owed by taxpayers based upon where their taxable income falls within a range that shall not exceed \$250. Further requires the secretary to provide for the deduction of certain exemptions and deductions from income that falls within certain brackets.

<u>Proposed law</u> retains <u>present law</u> but updates the bracket references in light of changes in proposed law.

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<u>Present law</u> authorizes a deduction from individual income taxes for excess federal itemized personal deductions. Excess federal itemized personal deductions is defined to mean the amount by which the federal itemized personal deductions exceed the amount of federal standard deduction designated for the filing status used for the taxable period on the individual income tax return.

<u>Proposed law</u> repeals <u>present law</u> that allows taxpayers to deduct excess federal itemized personal deductions on their state individual income tax returns beginning Jan. 1, 2017.

Applicable to all taxable periods beginning on and after Jan. 1, 2017.

(Amends R.S. 47:32(A), 293(10), and 295(B); Repeals R.S. 47:293(3) and (9)(a)(xi))