
DIGEST

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HB 76 Reengrossed

2016 First Extraordinary Session

Stokes

Abstract: Eliminates the deduction for federal income taxes paid when computing state corporate and individual income taxes and establishes a maximum individual income tax rate of 4.75%.

Present constitution 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.

Present constitution authorizes federal income taxes paid to be allowed as a deductible item in computing state income taxes for the same period.

Proposed constitutional amendment changes present constitution by eliminating the deductibility of federal income taxes paid when computing both individual and corporate income tax liability and eliminates references to the maximum amount of the individual income tax rates and brackets from the constitution in favor of establishing a maximum individual income tax rate of 4.75%.

Effective January 1, 2017, and applicable to all tax years beginning on and after the effective date.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 8, 2016.

(Amends Const. Art. VII, §4(A))

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Establish a maximum rate of 4.75% for purposes of calculating individual income taxes.
2. Add an effective date of January 1, 2017.