

CONFERENCE COMMITTEE REPORT

HB 57

2016 First Extraordinary Session

Stokes

March 9, 2016

To the Honorable Speaker and Members of the House of Representatives and the Honorable President and Members of the Senate.

Ladies and Gentlemen:

We, the conferees appointed to confer over the disagreement between the two houses concerning House Bill No. 57 by Representative Stokes, recommend the following concerning the Engrossed bill:

- 1. That the set of Senate Floor Amendments by Senator Peacock (#346) be adopted.
- 2. That the following amendments be adopted:

AMENDMENT NO. 1

In Senate Floor Amendment No. 2 by Senator Peacock (#346), on page 1, line 12, change "January 1, 2016" to "January 1, 2018"

AMENDMENT NO. 2

In Senate Floor Amendment No. 2 by Senator Peacock (#346), on page 1, line 14, after "federal" and before "income" delete "gross" and insert "taxable"

AMENDMENT NO. 3

In Senate Floor Amendment No. 2 by Senator Peacock (#346), on page 1, delete line 15 in its entirety and insert the following:

"allowed the credit for forty percent of their proportionate share of the entity level tax paid. No credit shall be allowed pursuant to the provisions of this Paragraph if the proportionate share of the related income and the tax paid to the other state is not included in the calculation of Louisiana taxable income reported on the Louisiana return of the individual partner or member."

AMENDMENT NO. 4

Respectfully submitted,

Representative Julie Stokes

Senator Jean-Paul J. Morrell

Representative Neil C. Abramson

Senator Barrow Peacock

Representative James "Jim" Morris

Senator Karen Carter Peterson

 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)]

CONFERENCE COMMITTEE REPORT DIGEST
HB 57**2016 First Extraordinary Session****Stokes**
Keyword and oneliner of the instrument as it left the House

TAX CREDITS: Repeals three-year sunset on certain eligibility requirements relative to the income tax credit for net taxes paid to other states (Item #13)

Report adopts Senate amendments to:

1. Add a provision that authorizes individual partners or members of entities who pay another state's entity level tax that does not have a capital component, to take the credit for their proportionate share of the entity level tax paid on or after Jan. 1, 2016.

Report amends the adopted Senate amendment to:

1. Change the beginning date for which taxes paid qualify for the credit from Jan. 1, 2016 to Jan. 1, 2018.
2. Change the amount of the credit from 100% of the proportionate share paid to 40% of the proportionate share paid.
3. Change the income upon which the state's entity level tax is based from the entity's federal gross income to the entity's federal taxable income.
4. Prohibit a credit for state entity level tax if the proportionate share of the related income and the tax paid to the other state is not included in the calculation of La. taxable income reported on the La. return of the individual partner or member.

Digest of the bill as proposed by the Conference Committee

Present law authorizes an individual income tax credit in an amount equal to income taxes paid for the same taxable period to another state on income that is subject to La. tax if the other state authorizes a similar credit.

Present law authorizes a credit for three years in an amount of the lesser of the actual amount of tax paid to the other state or the amount of La. income tax that would have been imposed if the income had been earned in La.

Present law sunsets in three years, those provisions of present law that require the state to which income taxes were paid to authorize a similar credit and that the credit amount be the lesser of the actual amount of tax paid to the other state or the amount of La. income tax that would have been imposed if the income had been earned in La.

Proposed law repeals the three-year sunset provisions of present law thereby making the provisions of present law permanent.

Proposed law authorizes the credit in present law for individual partners or members of entities who pay another state's entity level tax that does not have a capital component, but is based solely on the income in the entity's federal taxable income, to take the credit for 40% of their proportionate share of the entity level tax paid on or after Jan. 1, 2018.

Proposed law prohibits a credit under proposed law for a state's entity level tax if the proportionate share of the related income and the tax paid to the other state is not included in the calculation of La. taxable income reported on the La. return of the individual partner or member.

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

(Amends §4 of Act No. 109 of the 2015 R.S.; Adds R.S. 47:33(A)(7); Repeals §2 of Act No. 109 of the 2015 R.S.)