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## DIGEST

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HB 21 Original

2016 Second Extraordinary Session

Reynolds

**Abstract:** Reduces the individual income tax rates from 2%, 4%, and 6% to 1.5%, 3.5%, and 5.5% respectively.

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) 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.

Proposed law reduces the individual income tax rates as follows:

- (1) From 2% on the first \$12,500 of net income to 1.5% on the first \$12,500 of net income;
- (2) From 4% on the next \$37,500 of net income to 3.5% on the next \$37,500 of net income;
- (3) From 6% on net income in excess of \$50,000 to 5.5% on net income in excess of \$50,000.

Present law 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.

Proposed law retains present law but updates the bracket references in light of changes in proposed law.

Applicable to all taxable periods beginning on and after Jan. 1, 2018.

Effective if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No.31 of the First E.S. of 2016 of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 47:32(A) and 295(B))