

2016 Second Extraordinary Session

HOUSE BILL NO. 50

BY REPRESENTATIVE MONTOUCET

TAX/INCOME TAX: Reduces the individual income tax deduction for net capital gains
(Item #41)

1 AN ACT

2 To amend and reenact R.S. 47:293(9)(a)(xvii), relative to individual income tax; to provide
3 for certain deductions for purposes of calculating individual income tax liability; to
4 reduce the deduction for certain net capital gains; to provide for an effective date;
5 and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:293(9)(a)(xvii) is hereby amended and reenacted to read as
8 follows:

9 §293. Definitions

10 The following definitions shall apply throughout this Part, unless the context
11 requires otherwise:

12 * * *

13 (9)(a) "Tax table income", for resident individuals, means adjusted gross
14 income plus interest on obligations of a state or political subdivision thereof, other
15 than Louisiana and its municipalities, title to which obligations vested with the
16 resident individual on or subsequent to January 1, 1980, and less:

17 * * *

18 (xvii) Income from net capital gains, which shall be limited to fifty percent
19 of the gains recognized and treated for federal income tax purposes as arising from
20 the sale or exchange of an equity interest in or substantially all of the assets of a

1 nonpublicly traded corporation, partnership, limited liability company, or other
2 business organization commercially domiciled in this state.

3 * * *

4 Section 2. The provisions of this Act shall be applicable to tax periods beginning
5 on or after January 1, 2016.

6 Section 3. This Act shall become effective upon signature by the governor or, if not
7 signed by the governor, upon expiration of the time for bills to become law without signature
8 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
9 vetoed by the governor and subsequently approved by the legislature, this Act shall become
10 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 50 Original 2016 Second Extraordinary Session Montoucet

Abstract: Reduces the individual income tax deduction for net capital gains.

Present law provides for a deduction from tax table income for income derived from net capital gains, which shall be limited to gains recognized and treated for federal tax purposes as arising from the sale or exchange of an equity interest in or substantially all of the assets of a nonpublicly traded corporation, partnership, limited liability company, or other business organization commercially domiciled in the state.

Proposed law reduces the amount of the deduction in present law from 100% of the amount of the gains recognized to 50% of the gains recognized.

Applicable to taxable periods beginning on or after Jan. 1, 2016.

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

(Amends R.S. 47:293(9)(a)(xvii))