

ACT No. 11

2016 Second Extraordinary Session

HOUSE BILL NO. 50

BY REPRESENTATIVES MONTOUCET, BAGNERIS, TERRY BROWN, GAINES,
HILL, JACKSON, AND WHITE

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 gains
19 recognized and treated for federal income tax purposes as arising from the sale or
20 exchange of an equity interest in or substantially all of the assets of a nonpublicly
21 traded corporation, partnership, limited liability company, or other business
22 organization commercially domiciled in this state. The provisions of this Item shall

1 apply only to the sale or exchange of an equity interest in or the assets of a
 2 nonpublicly traded business that the taxpayer has held for a minimum of five years
 3 immediately prior to the sale or exchange. The amount of the deduction shall be
 4 limited as follows:

5 (I) For the sale or exchange of an equity interest or substantially all of the
 6 assets of an entity domiciled in the state for five years or greater, but less than ten
 7 years, prior to the sale or exchange, the capital gains deduction shall be fifty percent.

8 (II) For the sale or exchange of an equity interest or substantially all of the
 9 assets of an entity domiciled in the state for ten years or greater, but less than fifteen
 10 years, prior to the sale or exchange, the capital gains deduction shall be sixty percent.

11 (III) For the sale or exchange of an equity interest or substantially all of the
 12 assets of an entity domiciled in the state for fifteen years or greater, but less than
 13 twenty years, prior to the sale or exchange, the capital gains deduction shall be
 14 seventy percent.

15 (IV) For the sale or exchange of an equity interest or substantially all of the
 16 assets of an entity domiciled in the state for twenty years or greater, but less than
 17 twenty-five years, prior to the sale or exchange, the capital gains deduction shall be
 18 eighty percent.

19 (V) For the sale or exchange of an equity interest or substantially all of the
 20 assets of an entity domiciled in the state for twenty-five years or greater, but less
 21 than thirty years, prior to the sale or exchange, the capital gains deduction shall be
 22 ninety percent.

23 (VI) For the sale or exchange of an equity interest or substantially all of the
 24 assets of an entity domiciled in the state for thirty years or greater, the capital gains
 25 deduction shall be one hundred percent.

26 * * *

27 Section 2. The provisions of this Act shall be applicable to sales or exchanges of
 28 equity interests or assets that occur on or after the effective date of this Act.

29 Section 3. This Act shall become effective upon signature by the governor or, if not
 30 signed by the governor, upon expiration of the time for bills to become law without signature

1 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
2 vetoed by the governor and subsequently approved by the legislature, this Act shall become
3 effective on the day following such approval.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____