RÉSUMÉ DIGEST

ACT 11 (HB 50) **2016 Second Extraordinary Session** **Montoucet**

Existing 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.

New law adds requirement that a business be domiciled in the state for a minimum of five years immediately prior to the sale or exchange to be eligible to claim the deduction. Further limits the amount of the deduction to the following tier percentage rates:

(1) 50% for a business domiciled in the state for 5 years or more but less than 10 years.

(2) 60% for a business domiciled in the state for 10 years or more but less than 15 years.

(3) 70% for a business domiciled in the state for 15 years or more but less than 20 years.

(4) 80% for a business domiciled in the state for 20 years or more but less than 25 years.

(5) 90% for a business domiciled in the state for 25 years or more but less than 30 years.

(6) 100% for a business domiciled in the state for 30 years or more.

Applicable to sales and exchanges occurring on or after the effective date of new law.

Effective upon signature of governor (June 28, 2016).

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