HLS 17RS-990 ORIGINAL

2017 Regular Session

HOUSE BILL NO. 284

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BY REPRESENTATIVE SHADOIN

TAX/INCOME TAX: Reduces rates of the tax levied on individual income tax

AN ACT

2	To amend and reenact R.S. 47:32(A) and 295(B), relative to individual income tax; to
3	reduce certain rates for purposes of calculating individual income tax; to provide for
4	the administration of the rate reductions; to provide for applicability; to provide for
5	an effective date; and to provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. R.S. 47:32(A) and 295(B) are hereby amended and reenacted to read as
8	follows:
9	§32. Rates of tax
10	A. On individuals. The tax to be assessed, levied, collected and paid upon
11	the taxable income of an individual shall be computed at the following rates:
12	(1) Two One percent on that portion of the first twelve thousand five
13	hundred dollars of net income which is in excess of the credits against net income
14	provided for in R.S. 47:79; <u>.</u>
15	(2) Four Three percent on the next thirty-seven thousand five hundred dollars
16	of net income; .
17	(3) Six Five percent on any amount of net income in excess of fifty thousand
18	dollars. of net income.
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§295. Tax imposed on individuals; administration

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B. The secretary shall establish tax tables that calculate the tax owed by taxpayers based upon where their taxable income falls within a range that shall not exceed two hundred fifty dollars. The secretary shall provide in the tax tables that the combined personal exemption, standard deduction, and other exemption deductions in R.S. 47:294 shall be deducted from the two percent bracket provided in R.S. 47:32(A)(1). If such combined exemptions and deductions exceed the two percent that bracket, the excess shall be deducted from the four percent bracket provided in R.S. 47:32(A)(2). If such combined exemptions and deductions exceed the two and four percent two brackets, the excess shall be deducted from the six percent bracket provided in R.S. 47:32(A)(3).

* * *

Section 2. The provisions of this Act shall be applicable to all taxable periods beginning on and after January 1, 2018.

Section 3. This Act shall take effect and become operative on January 1, 2018, if the proposed amendment of Article VII of the Constitution of Louisiana contained in the Act which originated as House Bill No.____ of the 2017 Regular Session of the Legislature is adopted at a statewide election and becomes effective.

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 284 Original

2017 Regular Session

Shadoin

Abstract: Reduces the individual income tax rates <u>from</u> 2%, 4%, and 6% <u>to</u> 1%, 3%, and 5% respectively.

<u>Present law</u> provides for a tax to be levied and collected 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.

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

Proposed law reduces the individual income tax rates as follows:

- (1) From 2% on the first \$12,500 of net income to 1% on the first \$12,500 of net income.
- (2) From 4% on the next \$37,500 of net income to 3% on the next \$37,500 of net income.
- (3) From 6% on net income in excess of \$50,000 to 5% on net income in excess of \$50,000.

<u>Present law</u> 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.

<u>Proposed law</u> retains <u>present law</u> 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 on January 1, 2018, if the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. __ of the 2017 R.S. is adopted at a statewide election and becomes effective.

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