

2017 Regular Session

HOUSE BILL NO. 356

BY REPRESENTATIVE IVEY

TAX/CORP INCOME: (Constitutional Amendment) Provides for a flat rate for individual and business income taxes and eliminates the income tax deduction for federal income taxes paid for purposes of calculating corporate and individual income tax liability

1 A JOINT RESOLUTION

2 Proposing to amend Article VII, Section 4(A) of the Constitution of Louisiana, relative to
3 income taxes; to provide with respect to the deductibility of federal income taxes
4 paid for purposes of computing state corporate income and individual income taxes;
5 to provide for the rates and brackets for purposes of calculating individual income
6 taxes; to provide for the rate of corporate income taxes; to provide for applicability;
7 to provide for an effective date; to provide for submission of the proposed
8 amendment to the electors; and to provide for related matters.

9 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members
10 elected to each house concurring, that there shall be submitted to the electors of the state of
11 Louisiana, for their approval or rejection in the manner provided by law, a proposal to
12 amend Article VII, Section 4(A) of the Constitution of Louisiana, to read as follows:

13 §4. Income Tax; Severance Tax; Political Subdivisions

14 Section 4.(A) Income Tax. Equal and uniform taxes may be levied on net
15 incomes, and these taxes may be graduated according to the amount of net income.
16 However, the state individual and joint income tax schedule of rates and brackets
17 shall never exceed the rates and brackets set forth in Title 47 of the Louisiana
18 Revised Statutes on January 1, 2003. Federal income taxes paid shall be allowed as
19 a deductible item in computing state income taxes for the same period, of individuals

1 and businesses. The state income tax levied on the net income of individuals and on
2 taxable business earnings shall be levied at flat rates which shall be established by
3 law.

4 * * *

5 Section 2. Be it further resolved that the provisions of the amendment contained in
6 this Joint Resolution shall become effective on January 1, 2018, and shall be applicable for
7 all tax years beginning on and after January 1, 2018.

8 Section 3. Be it further resolved that this proposed amendment shall be submitted
9 to the electors of the state of Louisiana at the statewide election to be held on October 14,
10 2017. However, if House Bill Nos. 119, 355, 357, and 358 of the 2017 Regular Session of
11 the Legislature are not enacted, the provisions of this Joint Resolution are hereby repealed
12 in their entirety, the amendment proposed to the constitution in this Act is hereby withdrawn,
13 and the secretary of state shall not print the proposition contained herein on the ballot of the
14 statewide election to be held on October 14, 2017.

15 Section 4. Be it further resolved that on the official ballot to be used at the election,
16 there shall be printed a proposition, upon which the electors of the state shall be permitted
17 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
18 follows:

19 Do you support an amendment to provide for a flat state individual income
20 tax rate and a flat tax rate on business earnings in exchange for eliminating
21 the deduction for federal income taxes paid for taxpayers who file state
22 individual income tax returns and income tax returns for business earnings?
23 (Effective January 1, 2018) (Amends Article VII, Section 4(A))

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 356 Engrossed

2017 Regular Session

Ivey

Abstract: Requires a flat individual income tax rate and a flat business income tax rate and eliminates the deductibility of federal income taxes paid when computing state income taxes for both individuals and corporations.

Present constitution authorizes equal and uniform taxes to be levied on net income. Further authorizes the rates for these taxes to be graduated according to the amount of the taxpayer's net income; however, the state individual and joint income tax schedule of rates and brackets are prohibited from exceeding the rates and brackets as they existed on Jan. 1, 2003.

Present law provides for a tax to be assessed, levied, collected, and paid upon the taxable income of an individual at the following rates and brackets:

- (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 constitutional amendment deletes the reference to the individual income tax rates and brackets in existence on Jan. 1, 2003, in favor of specifying that a state tax levied on individual income shall be levied at a flat rate which shall be established in law.

Present law provides that the tax to be assessed, levied, collected, and paid on the La. taxable income of every corporation shall be computed at the following rates:

- (1) 4% on the first \$25,000 of La. taxable income.
- (2) 5% on La. taxable income above \$25,000 but not in excess of \$50,000.
- (3) 6% on La. taxable income above \$50,000 but not in excess of \$100,000.
- (4) 7% on La. taxable income above \$100,000 but not in excess of \$200,000.
- (5) 8% on all La. taxable income in excess of \$200,000.

Proposed constitutional amendment provides that the state income tax levied on business earnings shall be levied at a flat rate which shall be established in law.

Present constitution authorizes federal income taxes paid to be allowed as a deductible item in computing state individual and corporate income taxes for the same period.

Proposed constitutional amendment changes present constitution by eliminating the deductibility of federal income taxes paid when computing both individual and corporate income tax liability.

Effective Jan. 1, 2018, and applicable to all tax years beginning on and after Jan. 1, 2018, if HB Nos. 119, 355, 357, and 358 of the 2017 R.S. are enacted.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 14, 2017.

(Amends Const. Art. VII, §4(A))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Adds contingent effectiveness on Jan. 1, 2018, for proposed law if HB Nos. 119, 355, 357, and 358 of this 2017 R.S. become effective.