
DIGEST

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HB 356 Reengrossed

2017 Regular Session

Ivey

Abstract: Requires flat income tax rates and eliminates the deductibility of federal income taxes paid when computing state income taxes for 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 corporations 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 corporate income tax liability.

Effective Jan. 1, 2018, and applicable to all tax years beginning on and after Jan. 1, 2018, if HB No. 119 is enacted and HCR No. 4 of the 2017 R.S. is adopted by both houses of the legislature.

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

The House Floor Amendments to the engrossed bill:

1. Delete elimination of the deduction for federal income taxes paid for purposes of computing individual income taxes from proposed constitutional amendment.
2. Delete contingent effectiveness on Jan. 1, 2018, for proposed law if HB Nos. 355, 357, and 358 of this 2017 R.S. become effective.
3. Add contingent effectiveness on Jan. 1, 2018, for proposed law if HCR No. 4 from the 2017 R.S. is adopted by both houses of the legislature.