

2018 Second Extraordinary Session

HOUSE BILL NO. 18

BY REPRESENTATIVE JACKSON

TAX CREDITS: Provides relative to the individual income tax credit for taxes paid to other states (Item #17)

1 AN ACT

2 To amend and reenact R.S. 47:33(A)(5) and Section 4 of Act No. 109 of the 2015 Regular
3 Session of the Legislature, to enact R.S. 47:33(A)(7), relative to the individual
4 income tax credit for taxes paid to other states; to repeal provisions providing for an
5 increase in the credit; to limit the amount of the credit; to authorize a deduction of
6 income taxes paid to other states under certain circumstances; to provide for
7 effectiveness; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:33(A)(5) is hereby amended and reenacted and R.S. 47:33(A)(7)
10 is hereby enacted to read as follows:

11 §33. Credit for taxes paid in other states

12 A. Subject to the following conditions, resident individuals shall be allowed
13 a credit against the taxes imposed by this Chapter for net income taxes imposed by
14 and paid to another state on income taxable under this Chapter, provided that:

15 * * *

16 (5)(a) The credit shall be limited to the amount of Louisiana income tax that
17 would have been imposed if the income earned in the other state had been earned in
18 Louisiana.

19 (b) The credit shall not be allowed for tax paid on income that is not subject
20 to tax in Louisiana. The amount of the credit shall not exceed the ratio which shall

1 be determined by multiplying the taxpayer's Louisiana income tax liability before
2 consideration of any credit described in Subsection A of this Section by a fraction,
3 the numerator of which is the taxpayer's Louisiana tax table income attributable to
4 other states to which net income taxes were paid by a resident individual, and the
5 denominator of which is total Louisiana tax table income.

6 * * *

7 (7) For taxes paid on or after January 1, 2018, an individual partner, member,
8 or shareholder who pays another state's entity level tax that does not have a capital
9 component shall be allowed a deduction of their proportionate share of the entity
10 level tax paid.

11 * * *

12 Section 2. Section 4 of Act No. 109 of the 2015 Regular Session of the Legislature
13 is hereby amended and reenacted to read as follows:

14 * * *

15 Section 4. The provisions of Sections 1 and 3 of this Act shall become
16 effective on July 1, 2015, and shall remain effective through ~~June 30, 2018~~ June 30,
17 2023, at which time the provisions of Sections 1 and 3 of this Act shall become null,
18 void, and of no effect. The provisions of Section 4 of this Act shall become effective
19 on July 1, 2015. The provisions of Section 2 of this Act shall become effective on
20 ~~July 1, 2018~~ July 1, 2023.

21 Section 3. This Act shall become effective upon signature by the governor or, if not
22 signed by the governor, upon expiration of the time for bills to become law without signature
23 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
24 vetoed by the governor and subsequently approved by the legislature, this Act shall become
25 effective on the day following such approval.

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 18 Engrossed

2018 Second Extraordinary Session

Jackson

Abstract: Retains the reduction in the amount of the individual income tax credit for net taxes paid to other states through June 30, 2023, and authorizes a deduction for entity level tax paid under certain circumstances.

Present law authorizes an individual income tax credit in an amount equal to income taxes paid for the same taxable period to another state on income that is subject to La. tax if the other state authorizes a similar credit.

Present law authorizes a credit for three years in an amount of the lesser of the actual amount of tax paid to the other state or the amount of La. income tax that would have been imposed if the income had been earned in La.

Present law provides for termination (sunset) in three years of those provisions of present law that require the state to which income taxes were paid to authorize a similar credit and that the credit amount be the lesser of the actual amount of tax paid to the other state or the amount of La. income tax that would have been imposed if the income had been earned in La.

Proposed law extends the provisions of present law through June 30, 2023.

Proposed law prohibits the credit for tax paid on income that is not subject to tax in this state. Further provides that the amount of the credit shall not exceed the ratio of La. income tax liability before consideration of certain credits authorized in present law by a fraction, the numerator of which is the taxpayer's La. tax table income attributable to other states to which net income taxes were paid by a resident individual, and the denominator of which is total La. tax table income.

Proposed law provides that for taxes paid on or after Jan. 1, 2018, an individual partner, member, or shareholder who pays another state's entity level tax that does not have a capital component shall be allowed a deduction of their proportionate share of the entity level tax paid.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:33(A)(5) and §4 of Act No. 109 of 2015 R.S.; Adds R.S. 47:33(A)(7)

Summary of Amendments Adopted by House

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

1. Delete provisions making the reduction in the amount of the tax credit permanent.
2. Continue effectiveness of the reduction in the amount of the tax credit for taxed paid to other states through June 30, 2023.