

2021 Regular Session

HOUSE BILL NO. 278

BY REPRESENTATIVE BISHOP AND SENATOR ALLAIN

1 AN ACT

2 To amend and reenact R.S. 47:32(A), 241, 293(3) and (10), 295(B), 300.1, 300.6(A), and
3 300.7(A), to enact R.S. 47:32.1, and to repeal R.S. 47:293(4) and (9)(a)(ii),
4 296.1(B)(3)(c), and 298, relative to the individual and fiduciary income tax; to
5 reduce the rates for purposes of calculating individual and fiduciary income tax
6 liability; to repeal the deductibility of federal income taxes paid for purposes of
7 calculating individual and fiduciary income tax; to provide with respect to the
8 deduction for excess federal itemized personal deductions; to provide for certain
9 requirements and limitations; to authorize the reduction of certain rates under certain
10 circumstances; to provide for applicability; to provide for an effective date; and to
11 provide for related matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 47:32(A), 241, 293(3) and (10), 295(B), 300.1, 300.6(A), and
14 300.7(A) are hereby amended and reenacted and R.S. 47:32.1 is hereby enacted to read as
15 follows:

16 §32. Rates of tax

17 A. On individuals. The tax to be assessed, levied, collected and paid upon
18 the taxable income of an individual shall be computed at the following rates:

19 (1) ~~Two~~ One and eighty-five one hundredths percent on that portion of the
20 first twelve thousand five hundred dollars of net income which is in excess of the
21 credits against net income provided for in R.S. 47:79~~;~~;

22 (2) ~~Four~~ Three and one-half percent on the next thirty-seven thousand five
23 hundred dollars of net income~~;~~;

1 (3) ~~Six~~ Four and twenty-five one hundredths percent on any amount of net
2 income in excess of fifty thousand dollars of net income.

3 * * *

4 §32.1. Individual income tax rate reduction; trigger

5 A.(1) Beginning April 1, 2024, and each April first through 2034, if the prior
6 fiscal year's actual individual income tax collections as reported in the state's
7 accounting system exceed the actual individual income tax collections for the fiscal
8 year ending June 30, 2019, as reported in the state's accounting system, adjusted
9 annually by the growth factor provided for in Article VII, Section 10(C) of the
10 Constitution, the individual income tax rate in R.S. 47:32 for the tax year beginning
11 the following January first shall be reduced as provided in Paragraph (2) of this
12 Subsection.

13 (2) The reduced rates shall be calculated by multiplying each current rate by
14 the difference between one and the percentage change in individual income tax
15 collections in excess of the individual income tax collections for Fiscal Year 2018-
16 2019 adjusted annually by the growth factor as provided in Paragraph (1) of this
17 Subsection. Rate reductions shall be made only if both of the following conditions
18 are met:

19 (a) The prior fiscal year's actual total tax, licenses, and fees exceed the
20 actual total tax, licenses, and fees for Fiscal Year 2018-2019, adjusted annually by
21 the growth factor in Article VII, Section 10(C) of the Constitution of Louisiana.

22 (b) The Budget Stabilization Fund balance as determined by the treasurer is
23 at least two and one-half percent of the total state revenue receipts from the prior
24 fiscal year.

25 B. When the provisions of this Section require a reduction in the individual
26 income tax rates, the secretary of the Department of Revenue shall publish the
27 reduced rates, and shall include the reduced rates when publishing the tax tables
28 pursuant to R.S. 47:295 and the withholding tables pursuant to R.S. 47:112.

1 C. The actual individual income tax collections and actual total tax, licenses,
 2 and fees used in the calculations required by this Section shall be certified by the
 3 Office of Statewide Reporting and Accounting Policy.

4 D.(1) "Growth factor provided for in Article VII, Section 10(C) of the
 5 Constitution" means the positive growth factor that is the most recent average annual
 6 percentage rate of change of personal income for Louisiana as defined and reported
 7 by the United States Department of Commerce for the three calendar years prior to
 8 the fiscal year in which this calculation is made.

9 (2) "Actual total tax, licenses, and fees" means actual total tax, licenses, and
 10 fees as reported to the Revenue Estimating Conference.

11 * * *

12 §241. Net income subject to tax

13 The net income of a nonresident individual or a corporation subject to the tax
 14 imposed by this Chapter shall be the sum of the net allocable income earned within
 15 or derived from sources within this state, as defined in R.S. 47:243, and the net
 16 apportionable income derived from sources in this state, as defined in R.S. 47:244;
 17 ~~less the amount of federal income taxes attributable to the net allocable income and~~
 18 ~~net apportionable income derived from sources in this state. The amount of federal~~
 19 ~~income taxes to be so deducted shall be that portion of the total federal income tax~~
 20 ~~which is levied with respect to the particular income derived from sources in this~~
 21 ~~state to be computed in accordance with rules and regulations of the collector of~~
 22 ~~revenue. Proper adjustment shall be made for the actual tax rates applying to~~
 23 ~~different classes of income and for all differences in the computation of net income~~
 24 ~~for purposes of federal income taxation as compared to the computation of net~~
 25 ~~income under this Chapter. Where the allocation of the tax is to be based on a ratio~~
 26 ~~of the amount of net income of a particular class, both the numerator and the~~
 27 ~~denominator of the fraction used in determining the ratio shall be computed on the~~
 28 ~~basis that such net income is determined for federal income tax purposes.~~

29 * * *

1 §293. Definitions

2 The following definitions shall apply throughout this Part, unless the context
 3 requires otherwise:

4 * * *

5 (3) "Excess federal itemized personal deductions" for the purposes of this
 6 Part, means ~~the following percentages~~ one hundred percent of the amount by which
 7 the federal itemized personal deductions exceed deduction for expenses for medical
 8 care used by the taxpayer in the calculation of federal taxable income exceeds the
 9 amount of the federal standard deductions which deduction that is designated for the
 10 filing status used for the taxable period on the individual income tax return required
 11 to be filed. For purposes of this Paragraph, the term "expenses for medical care" has
 12 the meaning given the term in Section 213(d) of the Internal Revenue Code and is
 13 subject to all applicable federal limitations.

14 ~~(a) For tax years beginning during calendar year 2007, fifty-seven and one~~
 15 ~~half percent of such excess federal itemized personal deductions.~~

16 ~~(b) For tax years beginning during calendar year 2008, sixty-five percent of~~
 17 ~~such excess federal itemized personal deductions.~~

18 ~~(c) For all tax years beginning on and after January 1, 2009, one hundred~~
 19 ~~percent of such excess federal itemized personal deductions.~~

20 * * *

21 (10) "Tax table income", for nonresident individuals, means the amount of
 22 Louisiana income, as provided in this Part, allocated and apportioned under the
 23 provisions of R.S. 47:241 through 247, plus the total amount of the personal
 24 exemptions and deductions already included in the tax tables promulgated by the
 25 secretary under authority of R.S. 47:295, less the proportionate amount of ~~the federal~~
 26 ~~income tax liability~~, excess federal itemized personal deductions, the temporary
 27 teacher deduction, the recreation volunteer and volunteer firefighter deduction, the
 28 construction code retrofitting deduction, any gratuitous grant, loan, or other benefit

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 directly or indirectly provided to a taxpayer by a hurricane recovery entity if such
 2 benefit was included in federal adjusted gross income, the exclusion provided for in
 3 R.S. 47:297.3 for S Bank shareholders, the deduction for expenses disallowed by 26
 4 U.S.C. 280C, salaries, wages or other compensation received for disaster or
 5 emergency-related work rendered during a declared state disaster or emergency, the
 6 deduction for net capital gains, the pass-through entity exclusion provided in R.S.
 7 47:297.14, and personal exemptions and deductions provided for in R.S. 47:294. The
 8 proportionate amount is to be determined by the ratio of Louisiana income to federal
 9 adjusted gross income. When federal adjusted gross income is less than Louisiana
 10 income, the ratio shall be one hundred percent.

11 * * *

12 §295. Tax imposed on individuals; administration

13 * * *

14 B. The secretary shall establish tax tables that calculate the tax owed by
 15 taxpayers based upon where their taxable income falls within a range that shall not
 16 exceed two hundred fifty dollars. The secretary shall provide in the tax tables that
 17 the combined personal exemption, standard deduction, and other exemption
 18 deductions in R.S. 47:294 shall be deducted from the ~~two percent~~ lowest bracket. If
 19 ~~such~~ the combined exemptions and deductions exceed the ~~two percent~~ lowest
 20 bracket, the excess shall be deducted from the ~~four percent~~ next lowest bracket. If
 21 ~~such~~ the combined exemptions and deductions exceed the ~~two and four percent~~ two
 22 lowest brackets, the excess shall be deducted from the ~~six percent~~ next lowest
 23 bracket.

24 * * *

25 §300.1. Tax imposed

26 There is imposed an income tax for each taxable year upon the Louisiana
 27 taxable income of every estate or trust, whether resident or nonresident. The tax to
 28 be assessed, levied, collected, and paid upon the Louisiana taxable income of an
 29 estate or trust shall be computed at the following rates:

1 (1) ~~Two~~ One and eighty-five hundredths percent on the first ten thousand
2 dollars of Louisiana taxable income.

3 (2) ~~Four~~ Three and one-half percent on the next forty thousand dollars of
4 Louisiana taxable income.

5 (3) ~~Six~~ Four and twenty-five one hundredths percent on Louisiana taxable
6 income in excess of fifty thousand dollars.

7 * * *

8 §300.6. Louisiana taxable income of resident estate or trust

9 A. Definition. "Louisiana taxable income" of a resident estate or trust means
10 the taxable income of the estate or trust determined in accordance with federal law
11 for the same taxable year, as specifically modified by the provisions contained in
12 Subsection B of this Section, ~~less a federal income tax deduction to be computed~~
13 ~~following the provisions of R.S. 47:287.83 and 287.85.~~

14 * * *

15 §300.7. Louisiana taxable income of nonresident estate or trust

16 A. Definition. "Louisiana taxable income" of a nonresident estate or trust
17 means such portion of the taxable income of the nonresident estate or trust
18 determined in accordance with federal law for the same taxable year, as specifically
19 modified by the provisions contained in Subsection C of this Section, that was earned
20 within or derived from sources within this state, ~~less a federal income tax deduction~~
21 ~~to be computed following the provisions of R.S. 47:287.83 and 287.85.~~

22 * * *

23 Section 2. R.S. 47:293(4) and (9)(a)(ii), 296.1(B)(3)(c), and 298 are hereby repealed
24 in their entirety.

25 Section 3. The provisions of this Act shall be applicable to taxable periods beginning
26 on or after January 1, 2022.

27 Section 4. This Act shall take effect and become operative on January 1, 2022, if the
28 proposed amendment of Article VII of the Constitution of Louisiana contained in the Act

1 which originated as House Bill No. 274 of this 2021 Regular Session of the Legislature or
2 the Act which originated as Senate Bill No.159 of this 2021 Regular Session of this
3 Legislature is adopted at a statewide election and becomes effective and if both of the Acts
4 that originated as House Bill No. 292 and Senate Bill No. 161 of this 2021 Regular Session
5 of the Legislature are enacted and become law.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____