



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 89** SLS 23RS 290
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 10, 2023	11:07 AM	Author: STINE
Dept./Agy.: Revenue		Analyst: Benjamin Vincent
Subject: Documentation Requirements: Net Capital Gains		

TAX/INCOME/PERSONAL EG DECREASE GF RV See Note Page 1 of 1
 Provides relative to the net capital gains deduction for individual income tax. (8/1/23)

Current law provides a deduction for net capital gains resulting from a sale or exchange of an equity interest of substantially all assets of certain non-publicly-traded corporations domiciled in Louisiana. The taxpayer must have held the interest or asset for a minimum of five years prior to the sale or exchange to qualify for the deduction. The Department of Revenue (LDR) currently requires the taxpayer to provide Form R-6180, Net Capital Gains Deduction Worksheet, in order to allow the deduction.

Proposed law requires LDR to issue regulations that further detail sufficient documentation and clarify eligibility and restrictions for the deduction. Additionally requires LDR to specify a de minimus threshold under which documentation requirements would not apply. Effective August 1, 2023; applicable to taxable periods beginning on or after January 1, 2023.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total		\$0	\$0	\$0	\$0	\$0

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

LFO anticipates minor administrative costs in staff time for updating of administrative rules and potential form revisions. Anticipated expenditure impacts are likely to be negligible.

REVENUE EXPLANATION

LFO notes that committee testimony (Senate Revenue & Fiscal Affairs, Monday May 8th, 2023) implied a certain level of foregone deduction claims due to the complexity of the documentation requirements under current law, particularly for relatively small capital gains. To the extent that this is occurring, the de minimus threshold provisions and any simplification resulting from updated documentation requirements in proposed law will serve to increase claims under the deduction, reducing state general fund collections to an indeterminable extent.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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