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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Riley Boudreaux.

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## DIGEST

Proposed law provides a reduction of individual income tax rates and brackets and restores the deduction for excess federal itemized deductions to the same amounts as provided for prior to the enactment of the Stelly Plan (Act 51 of 2002), as follows:

Present law levies a rate of 2% on the first \$12,500 of net income.

Proposed law does not change present law.

Present law levies a rate of 4% on the next \$12,500 of net income, and 6% on net income above \$25,000.

Proposed law levies the 4% rate on the next \$37,500 of net income, thus reducing the rate to 4% for those with net incomes between \$25,001 and \$50,000, now subject to 6% under present law.

Present law is phasing-in the deduction for "excess federal itemized personal deductions" as follows: 57.5% allowed to be taken for the 2007 tax year; 65% for 2008; and 100% for 2009. That deduction, repealed by the "Stelly Plan" (Act 51 of 2002), allows a taxpayer to deduct from his income itemized deductions (such as mortgage interest and charitable contributions) on his federal return which are in excess of the taxpayer's standard deduction.

Proposed law restores the full deduction for "excess federal itemized personal deductions" in 2009 for tax returns filed for the 2008 tax year.

Effective upon signature of the governor or lapse of time for gubernatorial action and applies to all tax years beginning after December 31, 2007.

(Amends R.S. 47:32(A) and 293(3))