
DIGEST

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Shaw

SB No. 87

Proposed law provides a reduction of individual income tax rates in the two highest brackets 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.

Effective upon signature of the governor or lapse of time for gubernatorial action for all tax years beginning on and after January 1, 2009.

(Amends R.S. 47:32(A))

Summary of Amendments Adopted by Senate

Senate Floor Amendments to original bill.

1. Deletes provisions immediately restoring the full deduction for "excess federal itemized deductions."

Senate Floor Amendments to engrossed bill.

1. Changes the bill from a reduction of individual income tax rates in the two highest brackets to the same amounts as provided for prior to the enactment of the Stelly Plan (Act 51 of 2002) to a 10 year phase out of individual income tax.

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the reengrossed bill.

1. Changes the bill from one which phases out the individual income tax over a 10 year period to one which reduces the individual income tax rates in the two highest brackets to the amounts in effect prior to the enactment of the Stelly Plan (Act No. 51 of 2002).
2. Makes provisions of proposed law applicable for all tax years beginning on and after January 1, 2009.