

Regular Session, 2011

SENATE BILL NO. 197

BY SENATOR ERDEY

TAX EXEMPTIONS. Phases in an exemption of certain capital gains income of individuals 65 years of age or older from state individual income tax. (gov sig)

1 AN ACT

2 To enact R.S. 47:297.13, relative to the individual income tax; phases in an exemption of  
3 capital gains income of certain persons from state income taxation; to provide with  
4 respect to terms and definitions; to provide for an effective date; and to provide for  
5 related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:297.13 is hereby enacted to read as follows:

8 **§297.13. Capital gains income; exemption from taxation**

9 **A. Capital gains income received by an individual sixty-five years of age**  
10 **or older shall be exempt from state income taxation. The exemption shall be**  
11 **phased-in using the following percentages:**

12 **(1) For tax years beginning in 2011, twenty percent of the investment**  
13 **income.**

14 **(2) For tax years beginning in 2012, forty percent of the investment**  
15 **income.**

16 **(3) For tax years beginning in 2013, sixty percent of the investment**  
17 **income.**

1                   **(4) For tax years beginning in 2014, eighty percent of the investment**  
2                   **income.**

3                   **(5) For tax years beginning on January 1, 2015 and after, one hundred**  
4                   **percent of the investment income.**

5                   **B. For purposes of this Section, "capital gains income" consists of net**  
6                   **long-term capital gains as defined in the Federal Internal Revenue Code and**  
7                   **properly reported on Schedule D of Form 1040, line 15, filed by the individual**  
8                   **for the same tax year.**

9                   Section 2. This Act shall become effective upon signature by the governor or, if not  
10                  signed by the governor, upon expiration of the time for bills to become law without signature  
11                  by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
12                  vetoed by the governor and subsequently approved by the legislature, this Act shall become  
13                  effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Angela L. De Jean.

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#### DIGEST

Proposed law exempts capital gains income for individuals 65 years of age or older from state income tax.

Proposed law provides that the exemption of the capital gains income shall be phased-in over a five year period as follows:

- (1) For tax years beginning in 2011, 20% of the capital gains income.
- (2) For tax years beginning in 2012, 40% of the capital gains income.
- (3) For tax years beginning in 2013, 60% of the capital gains income.
- (4) For tax years beginning in 2014, 80% of the capital gains income.
- (5) For tax years beginning on January 1, 2015 and after, 100% of the capital gains income.

Proposed law further provides that capital gains income consists of net long-term capital gains as defined in the Federal Internal Revenue Code and properly reported on Schedule D of Form 1040, line 15, filed by the individual for the same tax year.

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

(Adds R.S. 47:297.13)