

Regular Session, 2011

SENATE BILL NO. 198

BY SENATOR ERDEY

TAX EXEMPTIONS. Phases-in an exemption of investment income of those 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; to exempt investment income  
3 for certain persons from state income taxation; to provide a phase-in for the  
4 exemption of investment income over a period of five years; to provide for an  
5 effective date; and to provide for 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. Investment income; exemption from taxation**

9 **A. Investment 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 for the following tax years and 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, "investment income" shall include**  
6                   **dividend and interest income from certificates of deposit, mutual funds, stocks**  
7                   **and bonds, mortgages, and notes receivables held by an individual sixty-five**  
8                   **years of age or older.**

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.

---

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

---

#### DIGEST

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

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

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

Proposed law further provides that investment income shall include dividend and interest income from certificate of deposits, mutual funds, stocks and bonds, mortgages, and notes receivables.

Effective for all taxable periods beginning after Dec. 31, 2010.

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

(Adds R.S. 47:297.13)