

Regular Session, 2011

SENATE BILL NO. 198

BY SENATOR ERDEY

TAX EXEMPTIONS. Phases in by 2015 an exemption from income tax for dividend and interest income of those 65 years of age or older. (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 received by an individual sixty-five years of age**
7 **or older.**

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

The original instrument was prepared by Angela Lockett De Jean. The following digest, which does not constitute a part of the legislative instrument, was prepared by Riley Boudreaux.

DIGEST

Erdey (SB 198)

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 defines "investment income" to include dividend and interest income.

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)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill.

1. Deletes the clause restricting investment income to dividend and interest income from certificate of deposits, mutual funds, stocks and bonds, mortgages, and notes receivables.