

Regular Session, 2013

SENATE BILL NO. 146

BY SENATOR ERDEY

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

1 AN ACT

2 To enact R.S. 47:297.13 and 297.14, relative to the individual income tax; to phase in an  
3 exemption of capital gains income of certain persons from state income taxation; to  
4 phase in an exemption of investment income of certain persons from state income  
5 taxation; to provide with respect to terms and definitions; to provide for an effective  
6 date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:297.13 and 297.14 are hereby enacted to read as follows:

9 **§297.13. Capital gains income; exemption from taxation**

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

13 **(1) For tax years beginning in 2013, twenty percent of the capital gains**  
14 **income.**

15 **(2) For tax years beginning in 2014, forty percent of the capital gains**  
16 **income.**

17 **(3) For tax years beginning in 2015, sixty percent of the capital gains**

1 income.

2 (4) For tax years beginning in 2016, eighty percent of the capital gains  
3 income.

4 (5) For tax years beginning on January 1, 2017, and after, one hundred  
5 percent of the capital gains income.

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

10 §297.14. Investment income; exemption from taxation

11 A. Investment income received by an individual sixty-five years of age  
12 or older shall be exempt from state income taxation. The exemption shall be  
13 phased-in for the following tax years and using the following percentages:

14 (1) For tax years beginning in 2013, twenty percent of the investment  
15 income.

16 (2) For tax years beginning in 2014, forty percent of the investment  
17 income.

18 (3) For tax years beginning in 2015, sixty percent of the investment  
19 income.

20 (4) For tax years beginning in 2016, eighty percent of the investment  
21 income.

22 (5) For tax years beginning on January 1, 2017, and after, one hundred  
23 percent of the investment income.

24 B. For purposes of this Section, "investment income" shall include  
25 dividend and interest income received by an individual sixty-five years of age  
26 or older.

27 Section 2. This Act shall become effective upon signature by the governor or, if not  
28 signed by the governor, upon expiration of the time for bills to become law without signature  
29 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

1 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
2 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 Jerry J. Guillot.

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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 2013, 20% of the capital gains income.
- (2) For tax years beginning in 2014, 40% of the capital gains income.
- (3) For tax years beginning in 2015, 60% of the capital gains income.
- (4) For tax years beginning in 2016, 80% of the capital gains income.
- (5) For tax years beginning on January 1, 2017, 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.

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 2013, 20% of the investment income.
- (2) For tax years beginning in 2014, 40% of the investment income.
- (3) For tax years beginning in 2015, 60% of the investment income.
- (4) For tax years beginning in 2016, 80% of the investment income.
- (5) For tax years beginning on January 1, 2017, and after, 100% of the investment income.

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

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

(Adds R.S. 47:297.13 and 297.14)