
DIGEST

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HB 312 Original

2015 Regular Session

Jay Morris

Abstract: Reduces the middle and upper individual income tax rates from 4% and 6% to 3% and 4% respectively and reduces certain income tax deductions and credits.

Present law provides for a tax to be assessed, levied, collected and paid upon the taxable income of an individual at the following rates:

- (1) 2% on the first \$12,500 of net income;
- (2) 4% on the next \$37,500 of net income;
- (3) 6% on net income in excess of \$50,000.

Proposed law reduces the middle income tax bracket from 4% to 3% and reduces the upper bracket from 6% to 4%.

Present law authorizes a deduction from individual income taxes for excess federal itemized personal deductions. "Excess federal itemized personal deductions" is defined to mean 100% of the amount by which the federal itemized personal deductions exceed the amount of federal standard deduction designated for the filing status used for the taxable period on the individual income tax return.

Proposed law reduces the amount of the deduction from 100% to 80% in tax years beginning on and after Jan. 1, 2015.

Present law provides for an individual income tax credit in an amount equal to 3.5% of the amount of the taxpayer's federal earned income tax credit authorized under Section 32 of the Internal Revenue Code.

Proposed law reduces the amount of the state tax credit from 3.5% to 2.8% of the federal tax credit.

Effective Jan. 1, 2015, and shall be applicable for all tax years beginning on and after that date.

(Amends R.S. 47:32(A), 293(3), and 297.8(A))