
DIGEST

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HB 51 Original

2016 First Extraordinary Session

Abramson

Abstract: Reduces the individual income tax rates and brackets for purposes of calculating the individual income tax and repeals the deduction for excess federal itemized personal deductions.

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

- (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 changes the rates and brackets as follows:

- (1) 1% on the first \$12,500 of net income;
- (2) 3% on the next \$12,500 of net income;
- (3) 5% on net income in excess of \$25,000.

Present law requires the secretary of the Dept. of Revenue to establish tax tables that calculate the tax owed by taxpayers based upon where their taxable income falls within a range that shall not exceed \$250. Further requires the secretary to provide for the deduction of certain exemptions and deductions from income that falls within certain brackets.

Proposed law retains present law but updates the bracket references in light of changes in proposed law.

Present law authorizes a deduction from individual income taxes for excess federal itemized personal deductions. Excess federal itemized personal deductions is defined to mean 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 repeals present law that allows taxpayers to deduct excess federal itemized personal deductions on their state individual income tax returns beginning Jan. 1, 2017.

Applicable to all taxable periods beginning on and after Jan. 1, 2017.

(Amends R.S. 47:32(A), 293(10), and 295(B); Repeals R.S. 47:293(3) and (9)(a)(xi))