

CONFERENCE COMMITTEE REPORT

HB 95

2016 First Extraordinary Session

Leger

March 9, 2016

To the Honorable Speaker and Members of the House of Representatives and the Honorable President and Members of the Senate.

Ladies and Gentlemen:

We, the conferees appointed to confer over the disagreement between the two houses concerning House Bill No. 95 by Representative Leger, recommend the following concerning the Reengrossed bill:

1. That the set of Senate Floor Amendments by Senator Morrell (#296) be adopted.
2. That the following amendments be adopted:

AMENDMENT NO. 1

In Senate Floor Amendment No. 1 by Senator Morrell (#296), on page 1, line 3, after "287.69," and before "to enact" delete "and 287.442(B)(1)," and insert "287.442(B)(1), 300.6(A), and 300.7(A),"

AMENDMENT NO. 2

In Senate Floor Amendment No. 2 by Senator Morrell (#296), on page 1, line 8, after "287.69," and before "are" delete "and 287.442(B)(1)" and insert "287.442(B)(1), 300.6(A), and 300.7(A),"

AMENDMENT NO. 3

In Senate Floor Amendment No. 4 by Senator Morrell (#296), on page 2, line 18, after "R.S. 47:244" delete the comma "," and delete the remainder of the line in its entirety and at the beginning of line 19, delete "income derived from sources in this state"

AMENDMENT NO. 4

In Senate Floor Amendment No. 5 by Senator Morrell (#296), on page 3, line 4, after "overpayments," insert "including refunds or credits created by the carryback of a federal net operating loss,"

AMENDMENT NO. 5

In Senate Floor Amendment No. 5 by Senator Morrell (#296), on page 3, between lines 14 and 15, insert the following:

"§300.6. Louisiana taxable income of resident estate or trust

A. Definition. "Louisiana taxable income" of a resident estate or trust means the taxable income of the estate or trust determined in accordance with federal law for the same taxable year, as specifically modified by the provisions contained in Subsection B of this Section, less a federal income tax deduction to be computed ~~following the provisions of R.S. 47:287.83 and 287.85.~~ in accordance with the following provisions:

(1) In computing Louisiana taxable income, no federal income tax deduction shall be allowed on net income upon which no Louisiana income tax has been

incurred, or upon which, for any reason whatsoever, no Louisiana income tax will be paid. For purposes of this Section, the federal income tax deduction may be recomputed and reduced to reflect the application of a net operating loss adjustment. When computing Louisiana taxable income, the secretary may consider reductions to the federal income tax deduction in accordance with the provisions of this Paragraph.

(2) The alternative minimum tax is a federal income tax deductible to the extent that it is applicable to regular federal taxable income. Any alternative minimum tax paid on tax preference items shall not be deductible. In accordance with the provisions of this Paragraph, the secretary may determine the deductible portion of the alternative minimum tax.

(3) For purposes of this Section, federal income taxes shall include taxes based on net income, accumulated earnings, war profits, excess profits, personal holding company income, and tax from recomputation of investment credit. For purposes of federal income taxation as compared to the computation of net income under this Part, proper adjustment shall be made for the actual tax rates as applied to different classes of income and for all differences in the computation of net income. The amount of the federal income tax deduction shall be that portion of the total federal income tax, after application of all credits, which is levied on income derived solely from sources in this state as computed under the rules and regulations prescribed by the secretary.

(4) As used in this Subsection, the term "credits" shall not include overpayments of prior year taxes allowed as a credit, estimated tax payments or similar prepayments, credit for prior year alternative minimum tax that is allowed as a credit against the current regular federal income tax, or federal income tax credits determined by the secretary to be presidential disaster area disaster relief credits.

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§300.7. Louisiana taxable income of nonresident estate or trust

A. Definition. "Louisiana taxable income" of a nonresident estate or trust means ~~such~~ the portion of the taxable income of the nonresident estate or trust determined in accordance with federal law for the same taxable year, as specifically modified by the provisions contained in Subsection C of this Section, that was earned within or derived from sources within this state, less a federal income tax deduction to be computed following the provisions of ~~R.S. 47:287.83 and 287.85~~ R.S. 47:300.6.

* * *"

Respectfully submitted,

Representative Walt Leger, III

Senator Jean-Paul J. Morrell

Representative Neil C. Abramson

Senator Jack Donahue

Representative James H. "Jim" Morris

Senator Eric LaFleur

CONFERENCE COMMITTEE REPORT DIGEST

HB 95

2016 First Extraordinary Session

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Keyword and oneliner of the instrument as it left the House

TAX/INCOME TAX: Repeals the state income tax deduction for federal income taxes paid for purposes of calculating corporate income taxes (Item #17)

Report adopts Senate amendments to:

1. Revise provisions of present law as a result of limiting proposed constitution to the deductibility of federal income taxes paid for purposes of computing corporate income tax liability *only*.
2. Clarify that the effective date is Jan. 1, 2017, but conditioned upon passage of HB No. 31 of the 2016 1 E.S. which is the constitutional amendment proposing to eliminate the deductibility of federal income taxes paid for purposes of computing corporate income taxes.

Report amends the bill to:

1. Clarify the deductibility of federal income taxes paid for resident estates or trusts.
2. Further revise provisions of present law as a result of limiting proposed law to the deductibility of federal income taxes paid for purposes of computing corporate income tax liability *only*.

Digest of the bill as proposed by the Conference Committee

Present constitution and present law authorize a state deduction for federal income taxes paid for purposes of computing income taxes for the same period.

Proposed law repeals the present law provisions that authorize a state deduction for federal income taxes paid for purposes of calculating corporate income taxes.

Present law provides for the determination of "Louisiana taxable income" of a resident estate or trust means which includes provisions for the federal income tax deduction.

Proposed law includes provisions for the computation of La. taxable income for a resident estate or trust, including limitations of deductions for net income, provisions for the federal deduction for alternative minimum tax, and the authority of the secretary of the Dept. of Revenue to consider reductions to the federal income tax deduction and the determination of the deductible portion of an alternative minimum tax.

Applicable for all taxable periods beginning on or after Jan. 1, 2017.

Effective Jan 1, 2017, if the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. 31 of this 1st E.S. of 2016 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 47:93(A) and (B), 241, 287.69, 287.442(B)(1), 300.6(A), and 300.7(A); Adds R.S. 47:55(6); Repeals R.S. 47:287.79, 287.83, and 287.85)