

Regular Session, 2002

HOUSE BILL NO. 31

BY REPRESENTATIVE STELLY

TAX/TAXATION: (Constitutional Amendment) Provides for a new limitation on individual income tax rates and prohibits the imposition of state sales and use taxes on certain items

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A JOINT RESOLUTION

Proposing to amend Article VII, Section 4(A) and to add Article VII, Section 2.2 of the Constitution of Louisiana, relative to the limitations on the power of taxation; to provide for the limitation of the rates and brackets for the individual income tax; to prohibit the imposition of state sales and use tax on certain items; to provide for the submission of the proposed amendment to the electors; to provide for an effective date; and to provide for related matters.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 4(A) and to add Article VII, Section 2.2 of the Constitution of Louisiana to read as follows:

§2.2. Power to Tax; Sales and Use Tax; Limitation

Section 2.2.(A) Effective January 1, 2003, the sales and use tax rate imposed by the state of Louisiana or by a political subdivision

1 whose boundaries are coterminous with those of the state shall not
2 exceed two percent of the price of the following items:

3 (1) Food for home consumption, as defined in R.S.
4 47:305(D)(1)(n) through (r) on January 1, 2003.

5 (2) Natural gas, electricity, and water sold directly to the
6 consumer for residential use.

7 (3) Prescription drugs.

8 (B) Effective July 1, 2003, the sales and use tax imposed by the
9 state of Louisiana or by a political subdivision whose boundaries are
10 coterminous with those of the state shall not apply to sales or purchases
11 of the following items:

12 (1) Food for home consumption, as defined in
13 R.S. 47:305(D)(1)(n) through (r) on January 1, 2003.

14 (2) Natural gas, electricity, and water sold directly to the
15 consumer for residential use.

16 (3) Prescription drugs.

17 (C) As used in this Section, the term "sold directly to the
18 consumer for residential use" includes the furnishing of natural gas,
19 electricity, or water to single private residences, including the separate
20 private units of apartment houses and other multiple dwellings, actually
21 used for residential purposes, which residences are separately metered
22 or measured, regardless of the fact that a person other than the resident
23 is contractually bound to the supplier for the charges, actually pays the
24 charges, or is billed for the charges. The use of electricity, natural gas,
25 or water in hotel or motel units does not constitute residential use.

26 * * *

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 §4. Income Tax; Severance Tax; Political Subdivisions

2 Section 4.(A) Income Tax. Equal and uniform taxes may be
3 levied on net incomes, and these taxes may be graduated according to
4 the amount of net income. However, the state individual and joint
5 income tax schedule of rates and brackets shall never exceed the rates
6 and brackets set forth in Title 47, ~~Section 32~~ of the Louisiana Revised
7 Statutes on January 1, ~~1974~~ 2003. Federal income taxes paid shall be
8 allowed as a deductible item in computing state income taxes for the
9 same period.

10 * * *

11 Section 2. Be it further resolved that this proposed amendment shall be
12 submitted to the electors of the state of Louisiana at the statewide election to
13 be held on November 5, 2002.

14 Section 3. Be it further resolved that this proposed amendment shall
15 become effective on January 1, 2003.

16 Section 4. Be it further resolved that on the official ballot to be used
17 at said election there shall be printed a proposition, upon which the electors
18 of the state shall be permitted to vote FOR or AGAINST, to amend the
19 Constitution of Louisiana, which proposition shall read as follows:

20 To retain the current limitation on individual income tax rates;
21 to eliminate the current limitation on individual income tax
22 brackets; to provide that the state individual and joint income
23 tax schedule of rates and brackets shall never exceed the rates
24 and brackets set forth in Title 47 of the Louisiana Revised
25 Statutes on January 1, 2003, to provide that the state sales and
26 use tax rate on food for home consumption, consumer purchases
27 of natural gas, electricity, water, and prescription drugs shall be

1 two percent for the period January 1, 2003 through June 30,
 2 2003, and to prohibit on July 1, 2003 the imposition of state
 3 sales and use tax on food for home consumption, consumer
 4 purchases of natural gas, electricity, water, and prescription
 5 drugs. (Amends Article VII, Section 4(A); Adds Article VII,
 6 Section 2.2)

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

Stelly

HB No. 31

Abstract: Provides for a new limitation on individual income tax brackets effective Jan. 1, 2003, provides that the state sales and use tax rate on food for home consumption, consumer purchases of certain utilities and prescription drugs shall be 2% for the period Jan. 1, 2003 through June 30, 2003, and prohibits the imposition of state sales and use taxes on such items effective July 1, 2003. Individual income tax rates remain as in present law.

Present constitution provides that the state individual and joint income tax schedule of rates shall never exceed the rates in effect on Jan. 1, 1974.

Proposed constitutional amendment deletes this limitation and provides that state individual and joint income tax schedule of rates and brackets shall never exceed the rates and brackets in effect on Jan. 1, 2003.

Proposed constitutional amendment provides that the state sales and use tax rate on food for home consumption, consumer purchases of certain utilities, and prescription drugs shall be 2% for the period Jan. 1, 2003 through June 30, 2003.

Proposed constitutional amendment provides that effective July 1, 2003, food for home consumption and consumer purchases of natural gas, electricity, water, and prescription drugs shall be exempt from the state sales and use tax.

Provides for submission of the proposed amendment to the voters at the statewide election to be held on Nov. 5, 2002.

Effective January 1, 2003.

(Amends Const. Art. VII, §4(A); Adds Const. Art. VII, §2.2)

Summary of Amendments Adopted by House

Committee Amendments Proposed by Ways and Means to the original bill.

1. Provides for a 2% sales tax rate on certain items from 1/1/2003 through 6/30/2003.