

2017 Regular Session

HOUSE BILL NO. 650

BY REPRESENTATIVE BROADWATER

TAX/INCOME TAX: Reduces the amount of the individual income tax deduction for excess federal itemized personal deductions

1 AN ACT

2 To amend and reenact R.S. 47:293(3)(c) and to enact R.S. 47:293(3)(d), relative to the
3 individual income tax; to provide with respect to the deduction for excess federal
4 itemized personal deductions; to reduce the amount of the deduction; to provide for
5 certain requirements and limitations; to provide for applicability; to provide for an
6 effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:293(3)(c) is hereby amended and reenacted and R.S. 47:293(3)(d)
9 is hereby enacted to read as follows:

10 §293. Definitions

11 The following definitions shall apply throughout this Part, unless the context
12 requires otherwise:

13 * * *

14 (3) "Excess federal itemized personal deductions" for the purposes of this
15 Part, means the following percentages of the amount by which the federal itemized
16 personal deductions exceed the amount of federal standard deductions which is
17 designated for the filing status used for the taxable period on the individual income
18 tax return required to be filed:

19 * * *

1 (c) For ~~all~~ tax years beginning on and after January 1, 2009, but before
2 January 1, 2017, one hundred percent of such excess federal itemized personal
3 deductions.

4 (d) For tax years beginning on or after January 1, 2017, the greater of either:

5 (i) Fifty-seven and one-half percent of such excess federal itemized personal
6 deductions; or

7 (ii) One hundred percent of the amount of qualified residence interest on a
8 Louisiana residence and one hundred percent of the amount of charitable
9 contributions used by the taxpayer in the calculation of federal taxable income which
10 exceed the amount of the federal standard deduction designated for the filing status
11 of the taxpayer used for the taxable period on the individual income tax return of the
12 taxpayer. For purposes of this Paragraph, the term "qualified residence interest" has
13 the meaning given to the term in Section 163(h)(3) of the Internal Revenue Code and
14 is subject to all applicable federal limitations and the term "charitable contribution"
15 has the meaning given to the terms in Section 170 of the Internal Revenue Code and
16 is subject to all applicable limitations.

17 * * *

18 Section 2. The provisions of this Act shall be applicable to all tax years beginning
19 on and after January 1, 2017.

20 Section 3. This Act shall become effective upon signature by the governor or, if not
21 signed by the governor, upon expiration of the time for bills to become law without signature
22 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
23 vetoed by the governor and subsequently approved by the legislature, this Act shall become
24 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 650 Original

2017 Regular Session

Broadwater

Abstract: Reduces the amount of the excess federal itemized personal deductions a taxpayer can claim on their state tax return.

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 changes present law to reduce the amount of the excess federal itemized personal deductions for tax years beginning Jan. 1, 2017, from 100% to the greater of either:

- (1) 57.5% of the amount of the excess federal itemized personal deductions; or
- (2) 100% of the amount of qualified residence interest on a La. residence and 100% of the amount of charitable contributions used by the taxpayer in the calculation of federal taxable income which exceed the amount of the federal standard deduction designated for the filing status of the taxpayer used for the taxable period on the individual income tax return of the taxpayer.

Proposed law defines the terms "qualified residence interest" and "charitable contribution" to have the meanings ascribed to them in federal law.

Applicable to all tax years beginning on and after Jan. 1, 2017.

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

(Amends R.S. 47:293(3)(c); Adds R.S. 47:293(3)(d))