

CONFERENCE COMMITTEE REPORT

HB 18

2018 Second Extraordinary Session

Jackson

June 4, 2018

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. 18 by Representative Jackson, recommend the following concerning the Engrossed bill:

- 1. That the set of Senate Committee Amendments by the Senate Committee on Revenue and Fiscal Affairs (#140) be adopted.
- 2. That the set of Senate Floor Amendments by Senator Morrell (#237) be adopted.
- 3. That the set of Senate Floor Amendments by Senator Morrell (#300) be adopted.
- 4. That the following amendments to the Engrossed bill be adopted:

AMENDMENT NO. 1

In Senate Floor Amendment No. 3 by Senator Morrell (#300), on page 1, line 7, after "page" and before "5" insert "1, line"

AMENDMENT NO. 2

In Senate Floor Amendment No. 6 by Senator Morrell (#300), on page 1, delete lines 21 through 25 in their entirety and insert the following:

"(2) For tax years beginning on and after January 1, 2019, through December 31, 2025, there shall be a credit against the tax imposed by this Chapter for individuals in an amount equal to five percent of the federal earned income tax credit for which the individual is eligible for the taxable year under Section 32 of the Internal Revenue Code."

Respectfully submitted,

Representative Katrina Jackson

Senator Jean-Paul J. Morrell

Representative Neil C. Abramson

Senator R.L. Bret Allain, II

Representative Lance Harris

Senator Eric LaFleur

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)]

CONFERENCE COMMITTEE REPORT DIGEST

HB 18

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Keyword and oneliner of the instrument as it left the House

TAX CREDITS: Provides relative to the individual income tax credit for taxes paid to other states (Item #17)

Report adopts Senate amendments to:

1. Require the deduction to be based on a state's entity level tax that is based solely on net income included in the entity's federal taxable income without any capital component.
2. Authorize the deduction only to the extent that the proportionate share of the related income on the tax paid to the other state is included in the calculation of La. taxable income reported on the La. return.
3. Increase the amount of the earned income tax credit from 3.5% to 5% of the federal earned income tax credit amount.

Report rejects Senate amendments which would have:

1. Increased the amount of the earned income tax credit to 5% for tax years *beginning on and after Jan. 1, 2018*, for any taxable year in which the state sales and use tax rate exceeds 4%.

Report amends the bill to:

1. Increase the amount of the earned income tax credit to 5% for tax years *beginning on and after Jan. 1, 2019, through December 31, 2025*.

Digest of the bill as proposed by the Conference Committee

Present law authorizes an individual income tax credit in an amount equal to income taxes paid for the same taxable period to another state on income that is subject to La. tax if the other state authorizes a similar credit.

Present law authorizes a credit for three years in an amount of the lesser of the actual amount of tax paid to the other state or the amount of La. income tax that would have been imposed if the income had been earned in La.

Present law provides for termination (sunset) in three years of those provisions of present law that require the state to which income taxes were paid to authorize a similar credit and that the credit amount be the lesser of the actual amount of tax paid to the other state or the amount of La. income tax that would have been imposed if the income had been earned in La.

Proposed law extends the provisions of present law through June 30, 2023.

Proposed law prohibits the credit for tax paid on income that is not subject to tax in this state. Further provides that the amount of the credit shall not exceed the ratio of La. income tax liability before consideration of certain credits authorized in present law by a fraction, the numerator of which is the taxpayer's La. tax table income attributable to other states to which net income taxes were paid by a resident individual, and the denominator of which is total La. tax table income.

Proposed law provides that for taxes paid on or after Jan. 1, 2018, an individual partner, member, or shareholder that pays another state's entity level tax that is based solely upon net income included in the entity's federal taxable income without any capital component shall be allowed a deduction equal to their proportionate share of the entity level tax paid.

Proposed law authorizes the deduction pursuant to proposed law only to the extent that the proportionate share of the related income on the tax paid to the other state is included in the calculation of La. taxable income reported on the La. return of the individual partner or member.

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 increases the amount of the state credit from 3.5% to 5% of the amount of the taxpayers federal tax credit beginning Jan. 1, 2019, through Dec. 31, 2025.

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

(Amends R.S. 47:33(A)(5) and 297.8(A) and §4 of Act No. 109 of 2015 R.S.; Adds R.S. 47:33(A)(7))