

2017 Regular Session

HOUSE BILL NO. 197

BY REPRESENTATIVE WHITE

TAX/INCOME TAX: Sunsets the individual income tax deduction for net capital gains

1 AN ACT

2 To amend and reenact R.S. 47:293(9)(a)(xvii)(introductory paragraph) and (10), relative to
3 the individual income tax; to sunset the deduction for net capital gains; to provide
4 for applicability; to provide for effectiveness; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:293(9)(a)(xvii)(introductory paragraph) and (10) is hereby
7 amended and reenacted to read as follows:

8 §293. Definitions

9 The following definitions shall apply throughout this Part, unless the context
10 requires otherwise:

11 * * *

12 (9)(a) "Tax table income", for resident individuals, means adjusted gross
13 income plus interest on obligations of a state or political subdivision thereof, other
14 than Louisiana and its municipalities, title to which obligations vested with the
15 resident individual on or subsequent to January 1, 1980, and less:

16 * * *

17 (xvii) ~~Income~~ For tax years beginning on or after January 1, 2010, and before
18 January 1, 2020, income from net capital gains, which shall be limited to gains
19 recognized and treated for federal income tax purposes as arising from the sale or
20 exchange of an equity interest in or substantially all of the assets of a nonpublicly

1 traded corporation, partnership, limited liability company, or other business
2 organization commercially domiciled in this state. The provisions of this Item shall
3 apply only to the sale or exchange of an equity interest in or the assets of a
4 nonpublicly traded business that the taxpayer has held for a minimum of five years
5 immediately prior to the sale or exchange. The amount of the deduction shall be
6 limited as follows:

7 * * *

8 (10) "Tax table income", for nonresident individuals, means the amount of
9 Louisiana income, as provided in this Part, allocated and apportioned under the
10 provisions of R.S. 47:241 through 247, plus the total amount of the personal
11 exemptions and deductions already included in the tax tables promulgated by the
12 secretary under authority of R.S. 47:295, less the proportionate amount of the federal
13 income tax liability, excess federal itemized personal deductions, the temporary
14 teacher deduction, the recreation volunteer and volunteer firefighter deduction, the
15 construction code retrofitting deduction, any gratuitous grant, loan, or other benefit
16 directly or indirectly provided to a taxpayer by a hurricane recovery entity if such
17 benefit was included in federal adjusted gross income, the exclusion provided for in
18 R.S. 47:297.3 for S Bank shareholders, the deduction for expenses disallowed by
19 I.R.C. Section 280C, the deduction for net capital gains for tax years beginning on
20 and after January 1, 2010, and before January 1, 2020, and personal exemptions and
21 deductions provided for in R.S. 47:294. The proportionate amount is to be
22 determined by the ratio of Louisiana income to federal adjusted gross income. When
23 federal adjusted gross income is less than Louisiana income, the ratio shall be one
24 hundred percent.

25 * * *

26 Section 2. This Act shall become effective upon signature by the governor or, if not
27 signed by the governor, upon expiration of the time for bills to become law without signature
28 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

- 1 vetoed by the governor and subsequently approved by the legislature, this Act shall become
2 effective on the day following such approval.
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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 197 Original

2017 Regular Session

White

Abstract: Sunsets the individual income tax deduction for net capital gains on Dec. 31, 2019.

Present law provides for an individual income tax deduction for income from net capital gains, which is limited to gains recognized and treated for federal income tax purposes as arising from the sale or exchange of an equity interest in or substantially all of the assets of a non-publicly traded corporation, partnership, limited liability company, or other business organization commercially domiciled in this state.

Proposed law sunsets the deduction for net capital gains on Dec. 31, 2019.

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

(Amends R.S. 47:293(9)(a)(xvii)(intro. para.) and (10))