DIGEST

HB 417 Original   2017 Regular Session   Leger

Abstract: Reduces individual income tax rates <u>from</u> 2%, 4%, and 6% <u>to</u> 1%, 3%, and 5% respectively, reduces the amount of the excess federal itemized personal deductions <u>from</u> 100% <u>to</u> 50% and repeals statutory provisions relative to the deductibility of federal income taxes paid for purposes of calculating individual income taxes.

<u>Present law</u> provides for a tax to be assessed, levied, collected and paid upon the taxable income of an individual at the following rates:

(1)   2% on the first $12,500 of net income;

(2)   4% on the next $37,500 of net income;

(3)   6% on net income in excess of $50,000.

<u>Proposed law</u> retains <u>present law</u> with respect to the brackets but reduces income tax rates <u>from</u> 2%, 4%, and 6% <u>to</u> 1%, 3%, and 5% respectively.

<u>Present law</u> 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.

<u>Proposed law</u> reduces the amount of the deduction <u>from</u> 100% <u>to</u> 50% for all tax years beginning on and after Jan. 1, 2017.

<u>Present constitution</u> and <u>present law</u> authorize a state deduction for federal income taxes paid for purposes of computing individual and corporate income taxes for the same period.

<u>Proposed law</u> repeals the state deduction for federal income taxes paid for purposes of calculating individual income taxes.

Applicable for all taxable periods beginning on or after Jan. 1, 2018.

Effective if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. ___ of this 2017 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 47:32(A), 241, 293(3)(c) and (10), 300.6(A), and 300.7(A); Adds R.S. 47:293(3)(d); Repeals R.S. 47:293(4) and (9)(a)(ii), 296.1(B)(3)(c), and 298)