

2021 Regular Session

HOUSE BILL NO. 89

BY REPRESENTATIVE BAGLEY

TAX/INCOME TAX: Establishes an individual income tax deduction for certain insurance costs

1 AN ACT

2 To enact R.S. 47:293(9)(a)(xx) and 297.16, relative to individual income tax; to provide for  
3 an individual income tax deduction for certain automobile insurance costs; to provide  
4 for the amount of the deduction; to provide for limitations and requirements; to  
5 provide for definitions; to authorize the promulgation of rules; to provide for  
6 applicability; to provide for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:293(9)(a)(xx) and 297.16 are hereby enacted to read as follows:

9 §293. Definitions

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

12 \* \* \*

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

17 \* \* \*

18 (xx) The motor vehicle liability policy deduction as provided for in R.S.  
19 47:297.16.

20 \* \* \*

1        §297.16. Tax deduction; motor vehicle liability policy

2                A. There shall be allowed a deduction from tax table income for the costs to  
3                an owner or operator of a personal automobile of premiums to secure a motor vehicle  
4                liability policy as defined in R.S. 32:900 which insures the taxpayer claiming the  
5                deduction against loss from the liability imposed by law for damages arising out of  
6                the ownership, maintenance, or use of a motor vehicle within this state. In order to  
7                qualify for the deduction, the motor vehicle liability policy shall include the  
8                minimum liability limits provided for in R.S. 32:900(B).

9                B.(1) The amount of the deduction shall be equal to the actual costs of the  
10               premiums paid during the calendar year for securing the motor vehicle liability  
11               policy or one thousand five hundred dollars, whichever is less.

12               (2) The amount of the deduction shall not exceed the total taxable income  
13               of the taxpayer claiming the deduction.

14               C. The taxpayer claiming the deduction authorized pursuant to the provisions  
15               of this Section shall maintain all records necessary to verify the amount of premiums  
16               paid for securing the motor vehicle liability policy and if requested, shall provide the  
17               records to the Department of Revenue when filing the taxpayer's tax return.

18               D. The secretary of the Department of Revenue may promulgate rules in  
19               accordance with the Administrative Procedure Act to implement the provisions of  
20               this Section including rules related to the submission of documentation when  
21               claiming the deduction.

22        Section 2. The provisions of this Act shall be applicable to amounts paid on or after  
23        January 1, 2022.

24        Section 3. This Act shall become effective on January 1, 2022.

## 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 89 Original

2021 Regular Session

Bagley

**Abstract:** Establishes an individual income tax deduction not to exceed \$1,500 for the costs for premiums to secure a motor vehicle liability policy which insures against damages arising out of the ownership or use of a motor vehicle in Louisiana.

Present law defines a "motor vehicle liability policy" as an owner's or operator's policy of liability insurance issued by an insurance carrier for the benefit of the person named as the insured. Further requires the liability policy to provide for minimum liability limits as follows:

- (1) \$15,000 for bodily injury to or death of one person in any one accident.
- (2) \$30,000 for bodily injury to or death of two or more persons in any one accident.
- (3) \$25,000 for damage to or destruction of property of others in any one accident.

Proposed law retains present law.

Proposed law provides for the establishment of an individual income tax deduction for the costs of premiums a taxpayer owner or operator of a personal automobile pays to secure a motor vehicle liability policy which insures the taxpayer claiming the deduction against loss arising out of the ownership or use of a motor vehicle within this state.

Proposed law provides that in order to qualify for the deduction, the motor vehicle liability policy shall include the minimum liability limits provided for in present law.

Proposed law requires the amount of the deduction to equal the actual costs of the premiums paid during the calendar year for securing the motor vehicle liability policy or \$1,500, whichever is less. Proposed law prohibits the amount of the deduction from exceeding the total taxable income of the taxpayer claiming the deduction.

Proposed law requires the taxpayer claiming the deduction to maintain all records necessary to verify the amount of premiums paid for securing the motor vehicle liability insurance and if requested, to provide the records to the Dept. of Revenue when filing the taxpayer's tax return.

Proposed law authorizes the promulgation of rules in accordance with present law (Administrative Procedure Act) to implement the provisions of proposed law including rules related to the submission of documentation when claiming the deduction.

Present law defines "tax table income" for resident individuals as adjusted gross income plus interest on certain state or political subdivision obligations less items such as gratuitous grants, loans, or other disaster benefits included in federal adjusted gross income, federal income tax liability, amounts deposited into medical or educational savings accounts, and excess personal exemptions and deductions.

Proposed law retains present law but adds to the list of income not included in "tax table income" the costs for premiums a taxpayer owner or operator of a personal automobile pays to secure a motor vehicle liability policy.

Proposed law is applicable to amounts paid on or after Jan. 1, 2022.

Effective Jan. 1, 2022.

(Adds R.S. 47:293(9)(a)(xx) and 297.16)