

2023 Regular Session

HOUSE BILL NO. 145

BY REPRESENTATIVE WRIGHT

TAX/INCOME TAX: Provides for a flat rate for purposes of calculating the income tax for individuals, estates, and trusts

1 AN ACT

2 To amend and reenact R.S. 47:32(A), 295(A) and (B), and 300.1 and to repeal R.S.  
3 47:32(B), relative to income tax; to provide for a flat income tax rate for individuals,  
4 estates, and trusts; to provide for the calculation of individual income tax liability;  
5 to provide for the rates and brackets for estates and trusts; 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. 47:32(A), 295(A) and (B), and 300.1 are hereby enacted to read as  
9 follows:

10 §32. Rates of tax

11 A. ~~On individuals.~~ The tax to be assessed, levied, collected, and paid upon  
12 the taxable income of an individual shall be computed at the ~~following rates:~~

13 ~~(1) One and eighty-five one hundredths percent on that portion of the first~~  
14 ~~twelve thousand five hundred dollars of net income which is in excess of the credits~~  
15 ~~against net income provided for in R.S. 47:79.~~

16 ~~(2) Three and one-half percent on the next thirty-seven thousand five~~  
17 ~~hundred dollars of net income.~~

18 ~~(3) Four and twenty-five one hundredths~~ rate of four percent ~~on any amount~~  
19 ~~of net income in excess of fifty thousand dollars of net income.~~

20 \* \* \*

1 §295. Tax imposed on individuals; administration

2 A. There is imposed an income tax for each taxable year upon the Louisiana  
3 income of every individual, whether resident or nonresident. The amount of the tax  
4 shall be determined from tax tables imposing the ~~maximum~~ tax allowed ~~under the~~  
5 ~~rates of tax and brackets set forth in accordance with~~ R.S. 47:32 promulgated by the  
6 secretary under authority of this Section in accordance with the Administrative  
7 Procedure Act. ~~However, the tax imposed by this Part shall never exceed the rates~~  
8 ~~of tax and brackets set forth in R.S. 47:32.~~

9 B. The secretary shall establish tax tables that calculate the tax owed by  
10 taxpayers based upon where their taxable income falls within a range ~~that shall not~~  
11 ~~exceed two hundred fifty dollars.~~ The secretary shall provide in the tax tables that  
12 ~~the combined personal exemption, standard deduction, and other exemption~~  
13 ~~deductions in R.S. 47:294 shall be deducted from the lowest bracket. If the combined~~  
14 ~~exemptions and deductions exceed the lowest bracket, the excess shall be deducted~~  
15 ~~from the next lowest bracket. If the combined exemptions and deductions exceed the~~  
16 ~~two lowest brackets, the excess shall be deducted from the next lowest bracket.~~

17 \* \* \*

18 §300.1. Tax imposed

19 There is imposed an income tax for each taxable year upon the Louisiana  
20 taxable income of every estate or trust, whether resident or nonresident. The tax to  
21 be assessed, levied, collected, and paid upon the Louisiana taxable income of an  
22 estate or trust shall be computed at the ~~following rates:~~

23 (1) ~~One and eighty-five hundredths percent on the first ten thousand dollars~~  
24 ~~of Louisiana taxable income.~~

25 (2) ~~Three and one-half percent on the next forty thousand dollars of~~  
26 ~~Louisiana taxable income.~~

27 (3) ~~Four and twenty-five one hundredths~~ rate of four percent on Louisiana  
28 taxable income ~~in excess of fifty thousand dollars.~~

29 Section 2. R.S. 47:32(B) is hereby repealed in its entirety.

1 Section 3. This Act shall become effective on January 1, 2024, and shall be  
2 applicable to taxable periods beginning on or after January 1, 2024.

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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)]

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HB 145 Original

2023 Regular Session

Wright

**Abstract:** Changes the rates and brackets for purposes of calculating income tax for individuals, estates, and trusts from a graduated rate system to a single flat rate of 4%.

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

- (1) 1.85% on the first \$12,500 of net income.
- (2) 3.5% on the next \$37,500 of net income.
- (3) 4.25% on net income in excess of \$50,000.

Proposed law removes the graduated schedule of rates and provides instead a flat 4% individual income tax rate.

Present law provides that in cases where taxpayers file a joint return of husband and wife, the combined tax shall be twice the combined tax of single filers.

Proposed law repeals present law.

Present law requires the secretary of the Dept. of Revenue (DOR) to establish tax tables that calculate the tax owed by taxpayers based upon where their taxable income falls within a range that does not exceed \$250. Proposed law removes requirement that the range not exceed \$250. Otherwise retains present law.

Present law requires the secretary to provide in the tax tables, the combined personal exemption, standard deduction, and other exemptions and deductions in present law which are deducted from the 1.85% bracket. Provides that if the combined exemptions and deductions exceed the 1.85% bracket, the excess is deducted from the 3.5% bracket, and then the 4.25% bracket.

Proposed law repeals present law.

Present law provides for the computation of La. taxable income for a resident estate or trust, including provisions for the federal income tax deduction, limitations of deductions for net income, provisions for the federal deduction for alternative minimum tax, and the authority of the secretary of the DOR to consider reductions to the federal income tax deduction and the determination of the deductible portion of an alternative minimum tax.

Present law provides for a tax to be assessed, levied, collected, and paid on the La. taxable income of an estate or trust at the following rates:

- (1) 1.85% on the first \$10,000 of La. taxable income.

- (2) 3.5% on the next \$40,000 of La. taxable income.
- (3) 4.25% on La. taxable income in excess of \$50,000.

Proposed law removes the graduated schedule of rates and provides instead a flat 4% rate on taxable income of an estate or trust.

Applicable to taxable periods beginning on or after Jan. 1, 2024.

Effective January 1, 2024.

(Amends R.S. 47:32(A), 295(A) and (B), and 300.1; Repeals R.S. 47:32(B))