

2025 Regular Session

HOUSE BILL NO. 485

BY REPRESENTATIVE HILFERTY

TAX/INCOME TAX: Establishes an individual income tax deduction for net capital gains

1 AN ACT

2 To amend and reenact R.S. 47:293(10) and to enact R.S. 47:293(9)(a)(xvii), relative to  
3 individual income tax; to authorize a deduction for net capital gains; to provide for  
4 the amount of the deduction; to provide for requirements and limitations; to provide  
5 for the promulgation of rules; to provide for applicability; to provide for an effective  
6 date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:293(10) is hereby amended and reenacted and R.S.  
9 47:293(9)(a)(xvii) is hereby enacted to read as follows:

10 §293. Definitions

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

13 \* \* \*

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

18 \* \* \*

19 (xvii) Income from net capital gains, which shall be limited to fifty percent  
20 of the 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 nonpublicly traded corporation, partnership, limited liability company, or other business organization commercially domiciled in this state. The provisions of this Item shall apply only to the sale or exchange of an equity interest in or the assets of a nonpublicly traded business that the taxpayer has held for a minimum of five years immediately prior to the sale or exchange. The Department of Revenue shall promulgate regulations in accordance with the Administrative Procedure Act to reduce administrative requirements for eligible taxpayers claiming this deduction, including but not limited to rules regarding documentation requirements, restrictions on eligibility for transactions if the majority of physical assets are located outside of this state, and restrictions on eligibility for transactions between related parties.

\* \* \*

(10) "Tax table income", for nonresident individuals, means the amount of Louisiana income, as provided in this Part, allocated and apportioned under the provisions of R.S. 47:241 through 247, less the proportionate amount of excess federal itemized personal deductions; the temporary teacher deduction; the recreation volunteer and volunteer firefighter deduction; the construction code retrofitting deduction; any gratuitous grant, loan, or other benefit directly or indirectly provided to a taxpayer by a hurricane recovery entity if such benefit was included in federal adjusted gross income; any gratuitous grant, loan, rebate, tax credit, advance refund, or other qualified disaster relief benefit directly or indirectly provided to a taxpayer by the state or federal government as a COVID-19 relief benefit as defined in R.S. 47:297.16 if the benefit was included in the taxpayer's federal adjusted gross income; the exclusion provided for in R.S. 47:297.3 for S Bank shareholders; salaries, wages, or other compensation received for disaster or emergency-related work rendered during a declared state disaster or emergency; wages of nonresident individuals who are eligible for the mobile workforce exemption pursuant to R.S. 47:248; the deduction for net capital gains; the pass-through entity exclusion provided in R.S. 47:297.14; the exemption for military survivor benefit plan payments pursuant to

1 R.S. 47:297.17; the bonus depreciation deduction provided for in R.S. 47:297.25 and  
2 the standard deduction provided for in R.S. 47:294. The proportionate amount is to  
3 be determined by the ratio of Louisiana income to federal adjusted gross income.  
4 When federal adjusted gross income is less than Louisiana income, the ratio shall be  
5 one hundred percent.

6 \* \* \*

7 Section 2. The provisions of this Act shall be applicable to sales or exchanges of  
8 equity interests or assets that occur on or after January 1, 2025.

9 Section 3. This Act shall become effective upon signature by the governor or, if not  
10 signed by the governor, upon expiration of the time for bills to become law without signature  
11 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
12 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
13 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)]

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HB 485 Original

2025 Regular Session

Hilferty

**Abstract:** Establishes an income tax deduction for 50% of net capital 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 nonpublicly traded business commercially domiciled in this state.

Present law provides for a tax to be assessed, levied, collected, and paid upon the taxable income of resident and nonresident individuals. For purposes of calculating the tax, the term "tax table income" for resident individuals is defined to mean adjusted gross income and for nonresident individuals is defined to mean Louisiana income, less other specifically enumerated exemptions, deductions, and expenses.

Proposed law retains present law.

Proposed law establishes a deduction from tax table income for income derived from net capital gains, which shall be limited to 50% of the gains recognized and treated for federal tax purposes as arising from the sale or exchange of an equity interest in or substantially all of the assets of a nonpublicly traded corporation, partnership, limited liability company, or other business organization commercially domiciled in the state. Proposed law limits eligibility for this deduction to the sale or exchange of an equity interest in or the assets of a nonpublicly traded business that the taxpayer has held for a minimum of five years immediately prior to the sale or exchange.

Proposed law requires the Dept. of Revenue to promulgate regulations in accordance with the Administrative Procedure Act to reduce administrative requirements for eligible taxpayers claiming this deduction.

Proposed law is applicable to sales and exchanges occurring on or after Jan. 1, 2025.

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

(Amends R.S. 47:293(10); Adds R.S. 47:293(9)(a)(xvii))