HLS 15RS-1689 ORIGINAL

2015 Regular Session

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HOUSE BILL NO. 821

BY REPRESENTATIVE LEGER

TAX/INCOME-INDIV/EXEMPT: Removes certain limitations on the individual income tax deduction for net capital gains

AN ACT

2	To amend and reenact R.S. 47:293(9)(a)(xvii), relative to the individual income tax; to
3	provide with respect to the deduction for net capital gains; to remove certain
4	limitations; to provide for an effective date; 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) is hereby amended and reenacted to read as
7	follows:
8	§293. Definitions
9	The following definitions shall apply throughout this Part, unless the context
0	requires otherwise:
1	* * *
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
4	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 from net capital gains, which shall be limited to gains
18	recognized and treated for federal income tax purposes as arising from on the sale
9	or exchange of an equity interest in or substantially all of the assets of a nonpublicly

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

traded corporation, partnership, limited liability company, or other business organization commercially domiciled in this state.

3 \* \* \*

4 Section 2. This Act shall become effective upon signature by the governor or, if not

5 signed by the governor, upon expiration of the time for bills to become law without signature

6 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

vetoed by the governor and subsequently approved by the legislature, this Act shall become

8 effective on the day following such approval.

## **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 821 Original

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2015 Regular Session

Leger

**Abstract:** Removes the requirement that capital gains be treated as arising from the sale of certain equity interests in order to be eligible for the individual income tax deduction for net capital gains.

<u>Present law</u> 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.

<u>Proposed law</u> removes the limitation in <u>present law</u> that requires capital gains to be treated for federal income tax purposes as arising from the sale or exchange of certain equity interests. <u>Proposed law</u> retains the limitation in <u>present law</u> that requires the gains to be recognized for federal income tax purposes on the sale or exchange of certain equity interests.

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

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