2016 Second Extraordinary Session

HOUSE BILL NO. 50

1

BY REPRESENTATIVES MONTOUCET, BAGNERIS, TERRY BROWN, GAINES, HILL, JACKSON, AND WHITE

AN ACT

2	To amend and reenact R.S. 47:293(9)(a)(xvii), relative to individual income tax; to provide
3	for certain deductions for purposes of calculating individual income tax liability; to
4	reduce the deduction for certain net capital gains; to provide for an effective date;
5	and to provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. R.S. 47:293(9)(a)(xvii) is hereby amended and reenacted to read as
8	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	(xvii) Income from net capital gains, which shall be limited to gains
19	recognized and treated for federal income tax purposes as arising from the sale or
20	exchange of an equity interest in or substantially all of the assets of a nonpublicly
21	traded corporation, partnership, limited liability company, or other business
22	organization commercially domiciled in this state. The provisions of this Item shall

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1	apply only to the sale or exchange of an equity interest in or the assets of a
2	nonpublicly traded business that the taxpayer has held for a minimum of five years
3	immediately prior to the sale or exchange. The amount of the deduction shall be
4	limited as follows:
5	(I) For the sale or exchange of an equity interest or substantially all of the
6	assets of an entity domiciled in the state for five years or greater, but less than ten
7	years, prior to the sale or exchange, the capital gains deduction shall be fifty percent.
8	(II) For the sale or exchange of an equity interest or substantially all of the
9	assets of an entity domiciled in the state for ten years or greater, but less than fifteen
10	years, prior to the sale or exchange, the capital gains deduction shall be sixty percent.
11	(III) For the sale or exchange of an equity interest or substantially all of the
12	assets of an entity domiciled in the state for fifteen years or greater, but less than
13	twenty years, prior to the sale or exchange, the capital gains deduction shall be
14	seventy percent.
15	(IV) For the sale or exchange of an equity interest or substantially all of the
16	assets of an entity domiciled in the state for twenty years or greater, but less than
17	twenty-five years, prior to the sale or exchange, the capital gains deduction shall be
18	eighty percent.
19	(V) For the sale or exchange of an equity interest or substantially all of the
20	assets of an entity domiciled in the state for twenty-five years or greater, but less
21	than thirty years, prior to the sale or exchange, the capital gains deduction shall be
22	ninety percent.
23	(VI) For the sale or exchange of an equity interest or substantially all of the
24	assets of an entity domiciled in the state for thirty years or greater, the capital gains
25	deduction shall be one hundred percent.
26	* * *
27	Section 2. The provisions of this Act shall be applicable to sales or exchanges of
28	equity interests or assets that occur on or after the effective date of this Act.
29	Section 3. This Act shall become effective upon signature by the governor or, if not
30	signed by the governor, upon expiration of the time for bills to become law without signature

1	by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
2	vetoed by the governor and subsequently approved by the legislature, this Act shall become
3	effective on the day following such approval.
	SPEAKER OF THE HOUSE OF REPRESENTATIVES
	PRESIDENT OF THE SENATE
	GOVERNOR OF THE STATE OF LOUISIANA

**ENROLLED** 

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APPROVED: \_\_\_\_\_