HLS 17RS-313 ORIGINAL

2017 Regular Session

HOUSE BILL NO. 95

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BY REPRESENTATIVE LEGER

TAX/CORP INCOME: (Constitutional Amendment) Eliminates the income tax deduction for federal income taxes paid for purposes of calculating corporate income tax liability

A JOINT RESOLUTION

2 Proposing to amend Article VII, Section 4(A) of the Constitution of Louisiana, relative to 3 income taxes; to provide with respect to the deductibility of federal income taxes 4 paid for purposes of computing state corporate income taxes; to provide for 5 applicability; to provide for an effective date; to provide for submission of the 6 proposed amendment to the electors; and to provide for related matters. 7 Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members 8 elected to each house concurring, that there shall be submitted to the electors of the state of 9 Louisiana, for their approval or rejection in the manner provided by law, a proposal to 10 amend Article VII, Section 4(A) of the Constitution of Louisiana, to read as follows: 11 §4. Income Tax; Severance Tax; Political Subdivisions 12 Section 4.(A) Income Tax. Equal and uniform taxes may be levied on net 13 incomes, and these taxes may be graduated according to the amount of net income. 14 However, the state individual and joint income tax schedule of rates and brackets 15 shall never exceed the rates and brackets set forth in Title 47 of the Louisiana 16 Revised Statutes on January 1, 2003. Federal income taxes paid shall be allowed as 17 a deductible item in computing state individual income taxes for the same period.

Page 1 of 3

1 Section 2. Be it further resolved that the provisions of the amendment contained in 2 this Joint Resolution shall become effective on January 1, 2018, and shall be applicable for 3 all tax years beginning on and after January 1, 2018. 4 Section 3. Be it further resolved that this proposed amendment shall be submitted to the electors of the state of Louisiana at the statewide election to be held on October 14, 5 6 2017. 7 Section 4. Be it further resolved that on the official ballot to be used at the election. 8 there shall be printed a proposition, upon which the electors of the state shall be permitted 9 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as 10 follows: 11 Do you support an amendment to eliminate the income tax deduction for 12 federal income taxes paid for taxpayers who file state corporate income tax returns but to continue this deduction for taxpayers who file state individual 13 14 income tax returns? 15 (Effective January 1, 2018) (Amends Article VII, Section 4(A))

DIGEST

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HB 95 Original

2017 Regular Session

Leger

Abstract: Eliminates the deductibility of federal income taxes paid when computing state corporate income taxes.

<u>Present constitution</u> authorizes equal and uniform taxes to be levied on net income. Further authorizes the rates for these taxes to be graduated according to the amount of the taxpayer's net income; however, the state individual and joint income tax schedule of rates and brackets are prohibited from exceeding the rates and brackets as they existed on Jan. 1, 2003.

<u>Present constitution</u> authorizes federal income taxes paid to be allowed as a deductible item in computing state income taxes for the same period.

<u>Proposed constitutional amendment</u> changes <u>present constitution</u> by eliminating the deductibility of federal income taxes paid when computing corporate income tax liability.

Effective Jan. 1, 2018, and applicable to all tax years beginning on and after Jan. 1, 2018.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 14, 2017.

(Amends Const. Art. VII, §4(A))