HLS 17RS-355 ENGROSSED

2017 Regular Session

HOUSE BILL NO. 353

18

BY REPRESENTATIVE STOKES

TAX/INCOME TAX: (Constitutional Amendment) Eliminates the income tax deduction for federal income taxes paid for purposes of computing individual income taxes and the references to the maximum amount of individual income tax rates and brackets

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

Revised Statutes on January 1, 2003 be levied at a flat rate which shall be established

1 in law. Federal income taxes paid shall be allowed as a deductible item in computing 2 state income corporation and fiduciary taxes for the same period. 3 4 Section 2. Be it further resolved that the provisions of the amendment contained in this Joint Resolution shall become effective January 1, 2018, and shall be applicable to all 5 6 tax years beginning on and after January 1, 2018. 7 Section 3. Be it further resolved that this proposed amendment shall be submitted 8 to the electors of the state of Louisiana at the statewide election to be held on October 14, 9 2017. However, if House Bill No. 501 of the 2017 Regular Session of the Legislature is not 10 enacted, the amendment proposed to the constitution in this Joint Resolution is hereby 11 withdrawn, and the secretary of state shall not print the proposition contained herein on the 12 ballot of the statewide election to be held on October 14, 2017, nor shall the secretary of 13 state publish the proposed amendment in the official journal of any parish official journal. 14 Section 4. Be it further resolved that on the official ballot to be used at the election, 15 there shall be printed a proposition, upon which the electors of the state shall be permitted 16 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as 17 follows: 18 Do you support an amendment to establish a flat individual income tax rate 19 which shall be established in law in exchange for eliminating the deduction 20 for federal income taxes paid for taxpayers who file individual income tax 21 returns? (Effective January 1, 2018) (Amends Article VII, Section 4(A))

## 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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Stokes

**Abstract:** Eliminates the deduction for federal income taxes paid when computing state individual income taxes and provides for the levy of a flat tax which shall be established in law.

<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

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

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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.

Proposed constitutional amendment changes present constitution by eliminating the deductibility of federal income taxes paid when computing individual income tax liability, eliminating references to the maximum amount of the individual income tax rates and brackets from the constitution, and providing for a flat individual income tax rate which shall be established in law.

Effective Jan. 1, 2018, and applicable to all tax years beginning on and after the effective date if House Bill No. 501 of the 2017 R.S. of the Legislature is enacted.

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))

## Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Add contingent effectiveness on Jan. 1, 2018, for proposed constitutional amendment if House Bill No. 501 from the 2017 R.S. of the Legislature is enacted.