

2019 Regular Session

HOUSE BILL NO. 191

BY REPRESENTATIVE ZERINGUE

TAX/INCOME TAX: Changes the rates and brackets for purposes of calculating individual income tax liability and eliminates certain deductions and credits

1 AN ACT

2 To amend and reenact R.S. 47:32(A), 293(3), (9)(a)(iv), and (10), 294, 295(B), 300.1,
3 300.6(A), and 300.7(A) and to repeal R.S. 47:293(4) and (9)(a)(ii), 296.1(B)(3)(c),
4 297(A), and 298, relative to the individual income tax; to provide for the calculation
5 of individual income tax liability; to provide for the rates and brackets for individual
6 income tax; to provide for the rates and brackets for income on estates and trusts; to
7 provide for certain deductions and credits; to reduce certain deductions and credits;
8 to reduce the amount allowed for personal exemptions and credits for dependents;
9 to repeal the deductibility of federal income taxes paid for purposes of calculating
10 income taxes for individuals, estates, and trusts; to repeal the deduction for excess
11 federal itemized personal deductions; to provide for applicability; to provide for an
12 effective date; and to provide for related matters.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 47:32(A), 293(3), (9)(a)(iv), and (10), 294, 295(B), 300.1, 300.6(A),
15 and 300.7(A) are hereby amended and reenacted to read as follows:

16 §32. Rates of tax

17 A. On individuals. The tax to be assessed, levied, collected and paid upon
18 the taxable income of an individual shall be computed at the following rates:

19 (1) ~~Two percent~~ No tax shall be assessed on that portion of the first twelve
20 thousand five hundred dollars of net income ~~which is in excess of the credits against~~
21 ~~net income provided for in R.S. 47:79;~~

1 than Louisiana and its municipalities, title to which obligations vested with the
2 resident individual on or subsequent to January 1, 1980, and less:

3 * * *

4 (iv) ~~The excess, if any, of the personal exemptions and deductions provided~~
5 ~~for in R.S. 47:294 over the amount of the personal exemptions and deductions~~
6 ~~already included in the tax tables promulgated by the secretary under authority of~~
7 ~~R.S. 47:295. The personal and dependent deductions provided for in R.S. 47:294.~~

8 * * *

9 (10) "Tax table income", for nonresident individuals, means the amount of
10 Louisiana income, as provided in this Part, allocated and apportioned under the
11 provisions of R.S. 47:241 through 247, ~~plus the total amount of the personal~~
12 ~~exemptions and deductions already included in the tax tables promulgated by the~~
13 ~~secretary under authority of R.S. 47:295, less the proportionate amount of the~~
14 ~~federal income tax liability, excess federal itemized personal deductions, the~~
15 temporary teacher deduction, the recreation volunteer and volunteer firefighter
16 deduction, the construction code retrofitting deduction, any gratuitous grant, loan,
17 or other benefit directly or indirectly provided to a taxpayer by a hurricane recovery
18 entity if such benefit was included in federal adjusted gross income, the exclusion
19 provided for in R.S. 47:297.3 for S Bank shareholders, the deduction for expenses
20 disallowed by I.R.C. Section 280C, salaries, wages or other compensation received
21 for disaster or emergency-related work rendered during a declared state disaster or
22 emergency, the deduction for net capital gains, and personal exemptions and
23 deductions provided for in R.S. 47:294. The proportionate amount is to be
24 determined by the ratio of Louisiana income to federal adjusted gross income. When
25 federal adjusted gross income is less than Louisiana income, the ratio shall be one
26 hundred percent.

27 * * *

1 §294. ~~Personal Filing status; personal exemptions; and credit for dependents~~

2 All ~~personal exemptions and deductions for dependents allowed in~~
3 ~~determining federal income tax liability, including the extra exemption for the blind~~
4 ~~and aged, will be allowed in determining the tax liability in this Part.~~ Taxpayers are
5 required to use the same filing status and claim the same exemptions on their return
6 required to be filed under this Part as they used on their federal income tax return.

7 The amounts to be taken into consideration shall be as follows:

8 A. ~~A combined personal exemption and standard deduction in the following~~
9 ~~amounts:~~

10 a. ~~Single Individual~~ _____ \$ 4500.00

11 b. ~~Married-Joint Return and a Qualified Surviving Spouse~~ \$ 9000.00

12 c. ~~Married-Separate~~ _____ \$ 4500.00

13 d. ~~Head of Household~~ _____ \$ 9000.00

14 B. ~~An additional deduction of one thousand dollars shall be allowed for each~~
15 ~~allowable exemption in excess of those required to qualify for the exemption~~
16 ~~allowable under R.S. 47:294(A).~~

17 A. Personal Exemption. An exemption of one thousand dollars shall be
18 allowed for the taxpayer who is blind or who has sustained the loss of one or more
19 limbs or who has an intellectual disability or who is deaf. As used in this Section,
20 the term "blind" shall mean and refer to a person who, after examination by a
21 licensed physician skilled in diseases of the eye or by a licensed optometrist, has
22 been determined to have not more than 20/200 central visual acuity in the better eye
23 with correcting lenses, or an equally disabling loss of the visual field as evidenced
24 by a limitation to the field of vision in the better eye to such a degree that its widest
25 diameter subtends an angle of no greater than twenty degrees. The term "deaf" shall
26 be defined as in Subsection B of this Section. Each person claiming an exemption
27 under the provisions of this Section shall provide proof of a claim by providing a
28 certificate from a qualified physician or optometrist.

1 be assessed, levied, collected, and paid upon the Louisiana taxable income of an
2 estate or trust shall be computed at the following rates:

3 (1) ~~Two percent on the first ten thousand dollars~~ No tax shall be assessed on
4 the first twelve thousand five hundred dollars of Louisiana taxable income.

5 (2) ~~Four percent on the next forty thousand dollars of Louisiana taxable~~
6 ~~income.~~

7 (3) ~~Six percent on Louisiana taxable income in excess of fifty thousand~~
8 ~~dollars.~~ Four percent on Louisiana taxable income in excess of twelve thousand five
9 hundred dollars.

10 * * *

11 §300.6. Louisiana taxable income of resident estate or trust

12 A. Definition. "Louisiana taxable income" of a resident estate or trust means
13 the taxable income of the estate or trust determined in accordance with federal law
14 for the same taxable year, as specifically modified by the provisions contained in
15 Subsection B of this Section, less a federal income tax deduction to be computed
16 ~~following the provisions of R.S. 47:287.83 and 287.85.~~ in accordance with the
17 following provisions:

18 (1) In computing Louisiana taxable income, no federal income tax deduction
19 shall be allowed on net income upon which no Louisiana income tax has been
20 incurred, or upon which, for any reason whatsoever, no Louisiana income tax will
21 be paid. When computing Louisiana taxable income, the secretary may consider
22 reductions to the federal income tax deduction in accordance with the provisions of
23 this Paragraph.

24 (2) The alternative minimum tax is a federal income tax deductible to the
25 extent that it is applicable to regular federal taxable income. Any alternative
26 minimum tax paid on tax preference items shall not be deductible. In accordance
27 with the provisions of this Paragraph, the secretary may determine the deductible
28 portion of the alternative minimum tax.

1 (3) For purposes of this Section, federal income taxes shall include taxes
 2 based on net income, accumulated earnings, war profits, excess profits, personal
 3 holding company income, and tax from recomputation of investment credit. For
 4 purposes of federal income taxation as compared to the computation of net income
 5 under this Part, proper adjustment shall be made for the actual tax rates as applied
 6 to different classes of income and for all differences in the computation of net
 7 income. The amount of the federal income tax deduction shall be that portion of the
 8 total federal income tax, after application of all credits, which is levied on income
 9 derived solely from sources in this state as computed under the rules and regulations
 10 prescribed by the secretary.

11 (4) As used in this Subsection, the term "credits" shall not include
 12 overpayments of prior year taxes allowed as a credit, estimated tax payments or
 13 similar prepayments, credit for prior year alternative minimum tax that is allowed as
 14 a credit against the current regular federal income tax, or federal income tax credits
 15 determined by the secretary to be presidential disaster area disaster relief credits.

* * *

17 §300.7. Louisiana taxable income of nonresident estate or trust

18 A. Definition. "Louisiana taxable income" of a nonresident estate or trust
 19 means ~~such~~ the portion of the taxable income of the nonresident estate or trust
 20 determined in accordance with federal law for the same taxable year, as specifically
 21 modified by the provisions contained in Subsection C of this Section, that was earned
 22 within or derived from sources within this state, less a federal income tax deduction
 23 to be computed following the provisions of ~~R.S. 47:287.83 and 287.85~~ R.S. 47:300.6.

* * *

25 Section 2. R.S. 47:293(4) and (9)(a)(ii), 296.1(B)(3)(c), 297(A), and 298 are hereby
 26 repealed in their entirety.

27 Section 3. The provisions of this Act shall be applicable to all taxable periods
 28 beginning on and after January 1, 2020.

1 Section 4. This Act shall take effect and become operative if and when the proposed
 2 amendment of Article VII of the Constitution of Louisiana contained in the Act which
 3 originated as House Bill No. ____ of this 2019 Regular Session of the Legislature is adopted
 4 at a statewide election and becomes effective.

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 191 Engrossed

2019 Regular Session

Zeringue

Abstract: Changes the rates and brackets for purposes of calculating individual income tax liability and estates and trusts income tax liability, and eliminates the standard and certain dependency deductions, the deduction for excess federal itemized personal deductions, and the deduction for federal income taxes paid for individuals, estates, and trusts.

Present law provides for a tax to be assessed, levied, collected, and paid upon the taxable income of an individual at the following rates:

- (1) 2% on the first \$12,500 of net income.
- (2) 4% on the next \$37,500 of net income.
- (3) 6% on net income in excess of \$50,000.

Proposed law reduces individual income tax rates as follows:

- (1) From 2% on the first \$12,500 of net income to 0% on the first \$12,500 of net income.
- (2) From 4% on the next \$37,500 of net income and 6% in excess of \$50,000 to 4% on net income in excess of \$12,500.

Present law provides that all personal exemptions and deductions for dependents allowed in determining federal income tax liability shall be allowed in determining La. tax liability. Further provides for a combined personal exemption of \$4,500 for single, individual filers, \$9,000 for married, joint filers, \$4,500 for married, separate filers, and \$9,000 for filers who are the head of household.

Proposed law repeals present law.

Present law authorizes a credit of \$400 for each dependent who meets certain criteria.

Proposed law repeals present law in favor of a \$1,000 deduction for each dependent as defined in present law.

Present law authorizes an additional deduction of \$1,000 for each allowable exemption in excess of those required to qualify for the exemption allowable under present law (R.S. 47:294(A)). Further authorizes a personal exemption of \$1,000 for each taxpayer who is blind or deaf, who has an intellectual disability, or who has sustained the loss of one or more limbs.

Proposed law retains present law but further defines the terms "blind" and "deaf" for purposes of claiming the personal exemption provided for in present law.

Present law requires the secretary to establish tax tables that calculate the tax owed by taxpayers based upon where their taxable income falls within a range that does not exceed \$250. Further requires the secretary to provide in the tax tables the combined personal exemption, standard deduction, and other exemption deductions in present law which is deducted from the 2% bracket. If the combined exemptions and deductions exceed the 2% bracket, the excess is deducted from the 4% bracket, and then the 6% bracket.

Proposed law deletes the provisions authorizing the combined personal exemption, standard deduction, and other exemption deductions to be deducted from the income tax brackets.

Present law authorizes a deduction from individual income taxes for excess federal itemized personal deductions. The term "excess federal itemized personal deductions" is defined to mean the amount by which the federal itemized personal deductions exceed the amount of federal standard deduction designated for the filing status used for the taxable period on the individual income tax return.

Proposed law repeals present law that allows taxpayers to deduct excess federal itemized personal deductions on their state individual income tax returns beginning Jan. 1, 2020.

Present constitution and present law authorize a state deduction for federal income taxes paid for purposes of computing income taxes for the same period.

Proposed law repeals the present law provisions that authorize a state deduction for federal income taxes paid for purposes of calculating individual income taxes.

Present law provides for the computation of La. taxable income for a resident estate or trust, including provisions for the federal income tax deduction, limitations of deductions for net income, provisions for the federal deduction for alternative minimum tax, and the authority of the secretary of the Dept. of Revenue to consider reductions to the federal income tax deduction and the determination of the deductible portion of an alternative minimum tax.

Proposed law retains present law except as it applies to the deductibility of federal income taxes.

Present law provides for a tax to be assessed, levied, collected, and paid on the La. taxable income of an estate or trust at the following rates:

- (1) 2% on the first \$10,000 of La. taxable income.
- (2) 4% on the next \$40,000 of La. taxable income.
- (3) 6% on La. taxable income in excess of \$50,000.

Proposed law changes income tax rates on estates and trusts as follows:

- (1) From 2% on the first \$10,000 of La. taxable income to 0% on the first \$12,500 of La. taxable income.
- (2) From 4% on the next \$40,000 of La. taxable income and 6% in excess of \$50,000 to 4% on La. taxable income in excess of \$12,500.

Applicable to all taxable periods beginning on and after Jan. 1, 2020.

Effective on Jan. 1, 2020, if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. ___ of this 2019 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 47:32(A), 293(3), (9)(a)(iv), and (10), 294, 295(B), 300.1, 300.6(A), and 300.7(A); Repeals R.S. 47:293(4) and (9)(a)(ii), 296.1(B)(3)(c), 297(A), and 298)

Summary of Amendments Adopted by House

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

1. Technical amendments to delete repetitive provisions regarding the personal exemption and dependency deductions that were superceded by the enactment of newer provisions in present law.
2. Technical amendments to clarify the elimination of the deductibility of federal income taxes paid.