
DIGEST

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HB 89 Original

2021 Regular Session

Bagley

Abstract: Establishes an individual income tax deduction not to exceed \$1,500 for the costs for premiums to secure a motor vehicle liability policy which insures against damages arising out of the ownership or use of a motor vehicle in Louisiana.

Present law defines a "motor vehicle liability policy" as an owner's or operator's policy of liability insurance issued by an insurance carrier for the benefit of the person named as the insured. Further requires the liability policy to provide for minimum liability limits as follows:

- (1) \$15,000 for bodily injury to or death of one person in any one accident.
- (2) \$30,000 for bodily injury to or death of two or more persons in any one accident.
- (3) \$25,000 for damage to or destruction of property of others in any one accident.

Proposed law retains present law.

Proposed law provides for the establishment of an individual income tax deduction for the costs of premiums a taxpayer owner or operator of a personal automobile pays to secure a motor vehicle liability policy which insures the taxpayer claiming the deduction against loss arising out of the ownership or use of a motor vehicle within this state.

Proposed law provides that in order to qualify for the deduction, the motor vehicle liability policy shall include the minimum liability limits provided for in present law.

Proposed law requires the amount of the deduction to equal the actual costs of the premiums paid during the calendar year for securing the motor vehicle liability policy or \$1,500, whichever is less. Proposed law prohibits the amount of the deduction from exceeding the total taxable income of the taxpayer claiming the deduction.

Proposed law requires the taxpayer claiming the deduction to maintain all records necessary to verify the amount of premiums paid for securing the motor vehicle liability insurance and if requested, to provide the records to the Dept. of Revenue when filing the taxpayer's tax return.

Proposed law authorizes the promulgation of rules in accordance with present law (Administrative Procedure Act) to implement the provisions of proposed law including rules related to the submission of documentation when claiming the deduction.

Present law defines "tax table income" for resident individuals as adjusted gross income plus interest on certain state or political subdivision obligations less items such as gratuitous grants, loans, or other disaster benefits included in federal adjusted gross income, federal income tax liability, amounts deposited into medical or educational savings accounts, and excess personal exemptions and deductions.

Proposed law retains present law but adds to the list of income not included in "tax table income" the costs for premiums a taxpayer owner or operator of a personal automobile pays to secure a motor vehicle liability policy.

Proposed law is applicable to amounts paid on or after Jan. 1, 2022.

Effective Jan. 1, 2022.

(Adds R.S. 47:293(9)(a)(xx) and 297.16)