(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

TAX/INCOME-INDIV/EXEMPT. Provides for the deductibility of excess federal itemized deductions.

DIGEST

Present law (Act No. 51) known as the "Stelly Plan," raised the income tax rates for some brackets and repealed the deduction for "excess federal itemized deductions" - that is, the amount by which federal itemized personal deductions exceed the filer's federal standard deduction.

Proposed law phases-in the deduction for excess federal itemized deductions as follows:

(1) For tax years beginning during calendar year 2007, 57.5% of such excess federal itemized personal deductions.

(2) For tax years beginning during calendar year 2008, 65%.

(3) For all tax years beginning on and after January 1, 2009, 100%.

Present law defines "federal income tax liability" as the total amount of tax due the U.S. for the taxable period on the individual income tax return required to be filed by any taxpayer, except that social security and self-employment taxes are not included. Requires that, beginning for tax years starting in 2004, the federal tax liability be increased by any federal income tax credits determined to be disaster relief credits and the amount by which an individual's tax liability was decreased as a result of claiming a deduction for casualty losses.

Proposed law removes the increase in the Louisiana deduction for federal tax liability because of decreases in federal taxes resulting from a deduction for casualty losses.

Effective for all taxable periods beginning on or after January 1, 2007.

(Amends R.S. 47:293(3) and (7); adds R.S. 47:293(2) and (6)(a)(i))

Summary of Amendments Adopted by House

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

1. Provides for a deduction of 25% of excess federal itemized personal deductions for the 2007 tax year and 50% for the 2008 tax year.

House Floor Amendments to the engrossed bill.

1. Provides for a deduction for 100% excess federal itemized personal deductions.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill.

1. Changes the deduction from 100% of excess federal itemized deductions to the 3 year phase-in above.

2. Removes the increase in the Louisiana deduction for federal tax liability because of decreases in federal taxes resulting from a deduction for casualty losses.

Prepared by Riley Boudreaux.