Townsend (HB 365) **Act No. 399**

New law phases in an individual income tax 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%.

Prior law defined "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. Prior law required 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.

New 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))