

Regular Session, 2013

SENATE BILL NO. 138

BY SENATOR MORRISH

TAX/TAXATION. Phases out the individual and corporate income tax over 10 calendar years beginning in Tax Year 2014. (gov sig)

AN ACT

To enact R.S. 47:32(D), relative to income taxes; to phase out the taxes on personal and corporate income and the income of estates and trusts; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:32(D) is hereby enacted to read as follows:

§32. Rates of tax

\* \* \*

**D.(1) Notwithstanding the provisions of Subsections A and C of this Section and the provisions of R.S. 47:300.1, the rates applicable to each class of taxpayer as set forth in those provisions shall be phased out over a ten-calendar-year period as follows:**

**(a) For tax years beginning during 2014, ninety percent of the rates provided for in those provisions.**

**(b) For tax years beginning during 2015, eighty percent of the rates provided for in those provisions.**

**(c) For tax years beginning during 2016, seventy percent of the rates**

provided for in those provisions.

(d) For tax years beginning during 2017, sixty percent of the rates provided for in those provisions.

(e) For tax years beginning during 2018, fifty percent of the rates provided for in those provisions.

(f) For tax years beginning during 2019, forty percent of the rates provided for in those provisions.

(g) For tax years beginning during 2020, thirty percent of the rates provided for in those provisions.

(h) For tax years beginning during 2021, twenty percent of the rates provided for in those provisions.

(i) For tax years beginning during 2022, ten percent of the rates provided for in those provisions.

(2) No tax shall be assessed, levied, collected, or paid upon the income of an individual, a corporation, or an estate or trust for any tax year commencing on or after January 1, 2023.

Section 2. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

---

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Riley Boudreaux.

---

#### DIGEST

Present law provides tax rates on individual and corporate income as follows:

Individual rates

2% of the first \$12,500 of net income which is in excess of the credits against net income provided for in present law.

4% on the next \$37,500 of net income.

6% on any amount of net income in excess of \$50,000 of net income.

Estates and trusts rates

2% on the \$10,000 of Louisiana taxable income.

4% on the next \$40,000.

6% on Louisiana taxable income in excess of \$50,000.

Corporate rates

4% on the first \$25,000 of net income.

5% on the amount of net income above \$25,000 but not in excess of \$50,000.

6% on the amount of net income above \$50,000 but not in excess of \$100,000.

7% on the amount of net income above \$100,000 but not in excess of \$200,000.

8% on all net income in excess of \$200,000.

Proposed law phases out the individual and corporate income tax over 10 calendar years by reducing the above rates 10% per calendar year, beginning with calendar year 2014 and ending in calendar year 2023, when no individual or corporate income tax would be due. For instance, for tax years beginning in 2014, tax would be assessed at 90% of the rates above; for tax years beginning in 2015, 80%; 2016, 70%, etc.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 47:32(D))