2016 First Extraordinary Session

HOUSE BILL NO. 78

BY REPRESENTATIVE IVEY

TAX/INCOME TAX: (Constitutional Amendment) Eliminates the income tax deduction
for federal income taxes paid and provides for the maximum rate for individual
income tax (Item #2, 3, 17, and 19)

1   A JOINT RESOLUTION

2   Proposing to amend Article VII, Section 4(A) of the Constitution of Louisiana, relative to

3   income taxation; to provide with respect to the rates and brackets for purposes of

4   calculating individual income taxes; to provide with respect to the deductibility of

5   federal income taxes paid for purposes of computing state income taxes; to provide

6   for applicability; to provide for an effective date; to provide for submission of the

7   proposed amendment to the electors; and to provide for related matters.

8   Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members

9   elected to each house concurring, that there shall be submitted to the electors of the state of

10   Louisiana, for their approval or rejection in the manner provided by law, a proposal to

11   amend Article VII, Section 4(A) of the Constitution of Louisiana, to read as follows:

12   §4. Income Tax; Severance Tax; Political Subdivisions

13   Section 4.(A) Income Tax. Equal and uniform taxes may be levied on net

14   incomes, and these taxes may be graduated according to the amount of net income.

15   However, the <u>highest</u> state individual and joint income tax schedule of rates ~~and~~

16   ~~brackets~~ shall ~~never~~ <u>not</u> exceed ~~the rates and brackets set forth in Title 47 of the~~

17   ~~Louisiana Revised Statutes on January 1, 2003. Federal income taxes paid shall be~~

18   ~~allowed as a deductible item in computing state income taxes for the same period~~ <u>six</u>

19   <u>percent</u>.

20   *   *   *

1   Section 2. Be it further resolved that the provisions of the amendment contained in

2   this Joint Resolution shall become effective on January 1, 2017, and shall be applicable for

3   all tax years beginning on and after January 1, 2017.

4   Section 3. Be it further resolved that this proposed amendment shall be submitted

5   to the electors of the state of Louisiana at the statewide election to be held on November 8,

6   2016.

7   Section 4. Be it further resolved that on the official ballot to be used at the election,

8   there shall be printed a proposition, upon which the electors of the state shall be permitted

9   to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as

10   follows:

11   Do you support an amendment to eliminate the deductibility of federal

12   income taxes paid in computing state income taxes and setting the maximum

13   rate for individual income tax at six percent? (Effective January 1, 2017)

14   (Amends Article VII, Section 4(A))

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 78 Original   2016 First Extraordinary Session   Ivey

Abstract: Eliminates the deductibility of federal income taxes paid when computing state
individual and corporate income taxes and provides for the maximum rate for
individual income tax.

Present constitution authorizes equal and uniform taxes to be levied on net income. Further
authorizes the rates for these taxes to be graduated according to the amount of the taxpayer's
net income; however, the state individual and joint income tax schedule of rates and brackets
are prohibited from exceeding the rates and brackets as they existed on Jan. 1, 2003.

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

(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.

Present constitution authorizes federal income taxes paid to be allowed as a deductible item
in computing state income taxes for the same period and eliminates references to the
maximum amount of the individual income tax rates and brackets from the constitution.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored
are additions.

Proposed constitutional amendment changes present constitution by eliminating the deductibility of federal income taxes paid when computing both individual and corporate income tax liability.

Proposed constitutional amendment deletes the reference to the individual income tax rates and brackets in existence on Jan. 1, 2003, in favor of specifying that the maximum individual income tax rate shall not exceed 6%, which is the maximum rate in present law.

Effective January 1, 2017, and applicable to all tax years beginning on and after January 1, 2017.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 8, 2016.

(Amends Const. Art. VII, §4(A))