

2016 Second Extraordinary Session

HOUSE BILL NO. 15

BY REPRESENTATIVE WHITE

REVENUE DEPARTMENT: Repeals the individual income tax deduction for net capital gains (Item #41)

1 AN ACT

2 To amend and reenact R.S. 47:293(10) and to repeal R.S. 47:293(9)(a)(xvii), relative to  
3 individual income tax; to provide for certain deductions for purposes of calculating  
4 individual income tax liability; to repeal the deduction for certain net capital gains;  
5 to provide for an effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:293(10) is hereby amended and reenacted to read as follows:

8 §293. Definitions

9 The following definitions shall apply throughout this Part, unless the context  
10 requires otherwise:

11 \* \* \*

12 (10) "Tax table income", for nonresident individuals, means the amount of  
13 Louisiana income, as provided in this Part, allocated and apportioned under the  
14 provisions of R.S. 47:241 through 247, plus the total amount of the personal  
15 exemptions and deductions already included in the tax tables promulgated by the  
16 secretary under authority of R.S. 47:295, less the proportionate amount of the federal  
17 income tax liability, excess federal itemized personal deductions, the temporary  
18 teacher deduction, the recreation volunteer and volunteer firefighter deduction, the  
19 construction code retrofitting deduction, any gratuitous grant, loan, or other benefit  
20 directly or indirectly provided to a taxpayer by a hurricane recovery entity if such

1 benefit was included in federal adjusted gross income, the exclusion provided for in  
 2 R.S. 47:297.3 for S Bank shareholders, the deduction for expenses disallowed by  
 3 I.R.C. Section 280C, ~~the deduction for net capital gains~~, and personal exemptions  
 4 and deductions provided for in R.S. 47:294. The proportionate amount is to be  
 5 determined by the ratio of Louisiana income to federal adjusted gross income. When  
 6 federal adjusted gross income is less than Louisiana income, the ratio shall be one  
 7 hundred percent.

8 \* \* \*

9 Section 2. R.S. 47:293(9)(a)(xvii) is hereby repealed in its entirety.

10 Section 3. The provisions of this Act shall be applicable to tax periods beginning on  
 11 or after January 1, 2016.

12 Section 4. This Act shall become effective upon signature by the governor or, if not  
 13 signed by the governor, upon expiration of the time for bills to become law without signature  
 14 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
 15 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 16 effective on the day following such approval.

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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)]

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HB 15 Original                      2016 Second Extraordinary Session                      White

**Abstract:** Repeals the individual income tax deduction for net capital gains.

Present law provides for a deduction from tax table income for income derived from net capital gains, which shall be limited to gains recognized and treated for federal tax purposes as arising from the sale or exchange of an equity interest in or substantially all of the assets of a nonpublicly traded corporation, partnership, limited liability company, or other business organization commercially domiciled in the state.

Proposed law repeals present law.

Applicable to taxable periods beginning on or after Jan. 1, 2016.

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

(Amends R.S. 47:293(10); Repeals R.S. 47:293(9)(a)(xvii))