HLS 15RS-1101 ORIGINAL

2015 Regular Session

HOUSE BILL NO. 264

BY REPRESENTATIVE JAY MORRIS

TAX/INCOME TAX: (Constitutional Amendment) Establishes the rate of tax levied on individual income and eliminates the deduction for federal income taxes paid

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 for individual income tax rates and brackets; to provide 4 with respect to the deductibility of federal income taxes paid for purposes of 5 computing state income taxes; to provide for an effective date; to provide for submission of the proposed amendment to the electors; and to provide for related 6 7 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 state individual and joint income tax schedule of rates and brackets 16 shall never exceed the rates and brackets set forth in Title 47 of the Louisiana 17 Revised Statutes on January 1, 2003. Federal income taxes paid shall be allowed as 18 a deductible item in computing state income taxes for the same period shall not 19 exceed two and one-half percent of net income.

1 Section 2. Be it further resolved that the provisions of the amendment contained in 2 this Joint Resolution shall be applicable to all tax years beginning on and after January 1, 3 2015. 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 October 24, 6 2015. 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 establish the rate of tax levied on 12 individual income at two and one-half percent of net income and to eliminate the deductibility of federal income taxes paid in computing state income 13 14 taxes? (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 264 Original

2015 Regular Session

Jay Morris

Abstract: Eliminates the deductibility of federal income taxes paid when computing state individual and corporate income taxes and establishes the rate of individual income tax at 2.5% of net income.

<u>Present constitution</u> 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 net income of the taxpayer; 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.

<u>Present constitution</u> provides that state individual and joint income tax rates and brackets shall never exceed the rates and brackets set forth in Title 46 of the La. Revised Statutes on Jan. 1, 2003.

<u>Proposed constitutional amendment</u> changes <u>present constitution</u> by establishing the state individual income tax rates at 2.5% of net income. This will allow revision of rates in R.S. 47:32 to provide for flat tax rate on individuals and corporations.

<u>Present constitution</u> authorizes federal income taxes paid to be allowed as a deductible item in computing state income taxes for the same period.

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

Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 24, 2015.

Applicable to all tax years beginning on and after Jan. 1, 2015.

(Amends Const. Art. VII, §4(A))