

2016 First Extraordinary Session

HOUSE BILL NO. 32

BY REPRESENTATIVE LEGER

TAX/INCOME TAX: Reduces the rates for purposes of calculating the tax on the taxable income of individuals (Items #3 and 19)

1 AN ACT

2 To amend and reenact R.S. 47:32(A) and 295(B), relative to individual income tax; to
3 reduce certain rates for purposes of calculating individual income tax; to provide for
4 the administration of the rate reductions; to provide for applicability; to provide for
5 an effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:32(A) and 295(B) are hereby amended and reenacted to read as
8 follows:

9 §32. Rates of tax

10 A. On individuals. The tax to be assessed, levied, collected and paid upon
11 the taxable income of an individual shall be computed at the following rates:

12 (1) ~~Two~~ One and one-half percent on that portion of the first twelve thousand
13 five hundred dollars of net income which is in excess of the credits against net
14 income provided for in R.S. 47:79;

15 (2) ~~Four~~ Three and one-half percent on the next thirty-seven thousand five
16 hundred dollars of net income;

17 (3) ~~Six~~ Five and one-half percent on any amount of net income in excess of
18 fifty thousand dollars of net income.

19 * * *

1 §295. Tax imposed on individuals; administration

2 * * *

3 B. The secretary shall establish tax tables that calculate the tax owed by
4 taxpayers based upon where their taxable income falls within a range that shall not
5 exceed two hundred fifty dollars. The secretary shall provide in the tax tables that
6 the combined personal exemption, standard deduction, and other exemption
7 deductions in R.S. 47:294 shall be deducted from the ~~two percent~~ lowest bracket.
8 If such combined exemptions and deductions exceed the ~~two percent~~ lowest bracket,
9 the excess shall be deducted from the ~~four percent~~ middle bracket. If such combined
10 exemptions and deductions exceed the ~~two and four percent~~ lowest two brackets, the
11 excess shall be deducted from the ~~six percent~~ highest bracket.

12 * * *

13 Section 2. The provisions of this Act shall be applicable to all taxable periods
14 beginning on and after January 1, 2017.

15 Section 3. This Act shall take effect and become operative if and when the proposed
16 amendment of Article VII of the Constitution of Louisiana contained in the Act which
17 originated as House Bill No. _____ of this First Extraordinary Session of 2016 of the
18 Legislature is adopted at a statewide election and becomes effective.

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 32 Engrossed 2016 First Extraordinary Session Leger

Abstract: Reduces the individual income tax rates from 2%, 4%, and 6% to 1.5%, 3.5%, and 5.5% respectively.

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

- (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.

Proposed law reduces the individual income tax rates as follows:

- (1) From 2% on the first \$12,500 of net income to 1.5% on the first \$12,500 of net income;
- (2) From 4% on the next \$37,500 of net income to 3.5% on the next \$37,500 of net income;
- (3) From 6% on net income in excess of \$50,000 to 5.5% on net income in excess of \$50,000.

Present law requires the secretary of the Dept. of Revenue to establish tax tables that calculate the tax owed by taxpayers based upon where their taxable income falls within a range that shall not exceed \$250. Further requires the secretary to provide for the deduction of certain exemptions and deductions from income that falls within certain brackets.

Proposed law retains present law but updates the bracket references in light of changes in proposed law.

Applicable to all taxable periods beginning on and after Jan. 1, 2017.

Effective if and when the proposed amendment of Article VII of the Constitution of La. contained in the Act which originated as House Bill No. _____ of this First E.S. of 2016 of the Legislature is adopted at a statewide election and becomes effective.

(Amends R.S. 47:32(A) and 295(B))