

2016 Second Extraordinary Session

HOUSE BILL NO. 7

BY REPRESENTATIVE STOKES

TAX/INCOME TAX: (Constitutional Amendment) Eliminates the income tax deduction for federal income taxes paid for purposes of computing individual income taxes and the references to the maximum amount of individual income tax rates and brackets (Items #39 & 43)

A JOINT RESOLUTION

Proposing to amend Article VII, Section 4(A) of the Constitution of Louisiana, relative to income provision contained in Act No. 31 of the 2016 First Extraordinary Session of the Legislature; to provide with respect to the rates and brackets for purposes of calculating individual income taxes; to establish the maximum rate for purposes of calculating individual income taxes; to provide with respect to the deductibility of federal income taxes paid for purposes of computing state individual income taxes; to provide for applicability; to provide for submission of the proposed amendment to the electors; and to provide for related matters.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 4(A) of the Constitution of Louisiana, to read as follows:

§4. Income Tax; Severance Tax; Political Subdivisions

Section 4.(A) Income Tax. Equal and uniform taxes may be levied on net incomes, and these taxes may be graduated according to the amount of net income.

However, the maximum state individual and joint income tax ~~schedule of rates and brackets~~ rate shall ~~never exceed the rates and brackets set forth in Title 47 of the Louisiana Revised Statutes on January 1, 2003~~ not exceed four and three-quarters

1 percent. Federal income taxes paid shall not be allowed as a deductible item in
2 computing state individual income taxes for the same period.

3 * * *

4 Section 2. Be it further resolved that the provisions of the amendment contained in
5 this Joint Resolution shall become effective January 1, 2017, and shall be applicable to all
6 tax years beginning on and after January 1, 2017.

7 Section 3. Be it further resolved that this proposed amendment shall be submitted
8 to the electors of the state of Louisiana at the statewide election to be held on November 8,
9 2016.

10 Section 4. Be it further resolved that on the official ballot to be used at the election,
11 there shall be printed a proposition, upon which the electors of the state shall be permitted
12 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
13 follows:

14 Do you support an amendment to enact a Louisiana flat tax, eliminate the
15 deductibility of federal individual income taxes paid, and delete references
16 to the maximum amounts of individual income tax rates and brackets from
17 the constitution in favor of establishing a maximum flat individual income
18 tax rate of four and three-quarters percent? (Effective January 1, 2017) -
19 (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 7 Original 2016 Second Extraordinary Session Stokes

Abstract: Eliminates the deduction for federal income taxes paid when computing state individual income taxes and limits the maximum individual income tax rate to 4.75%.

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

Proposed constitutional amendment changes present constitution by eliminating the deductibility of federal income taxes paid when computing individual income tax liability and eliminates references to the maximum amount of the individual income tax rates and brackets from the constitution in favor of limiting the maximum individual income tax rate to 4.75%.

Effective Jan. 1, 2017, and applicable to all tax years beginning on and after the effective date.

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))