

2016 First Extraordinary Session

HOUSE BILL NO. 80

BY REPRESENTATIVE STOKES

TAX/INCOME TAX: Repeals the state income tax deduction for federal income taxes paid for purposes of calculating individual and corporate income taxes (Item #17)

1 AN ACT

2 To amend and reenact R.S. 47:241, 287.69, 293(10), 300.6(A), and 300.7(A) and to repeal
3 R.S. 47:55(5), 287.79, 287.83, 287.85, 287.442(B)(1), 293(4) and (9)(a)(ii),
4 296.1(B)(3)(c), and 298, relative to income tax; to provide relative to the
5 deductibility of federal income taxes; to repeal deductibility of federal income taxes
6 paid for purposes of calculating individual and corporate income taxes; to provide
7 for applicability; to provide for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:241, 287.69, 293(10), 300.6(A), and 300.7(A) are hereby
10 amended and reenacted to read as follows:

11 §241. Net income subject to tax

12 The net income of a nonresident individual or a corporation subject to the tax
13 imposed by this Chapter shall be the sum of the net allocable income earned within
14 or derived from sources within this state, as defined in R.S. 47:243, and the net
15 apportionable income derived from sources in this state, as defined in R.S. 47:244,
16 less ~~the amount of federal income taxes attributable to the net allocable income and~~
17 net apportionable income derived from sources in this state. ~~The amount of federal~~
18 ~~income taxes to be so deducted shall be that portion of the total federal income tax~~
19 ~~which is levied with respect to the particular income derived from sources in this~~
20 ~~state to be computed in accordance with rules and regulations of the collector of~~

1 ~~revenue.~~ Proper adjustment shall be made for the actual tax rates applying to
 2 different classes of income and for all differences in the computation of net income
 3 for purposes of federal income taxation as compared to the computation of net
 4 income under this Chapter. Where the allocation of the tax is to be based on a ratio
 5 of the amount of net income of a particular class, both the numerator and the
 6 denominator of the fraction used in determining the ratio shall be computed on the
 7 basis that such net income is determined for federal income tax purposes.

8 * * *

9 §287.69. Louisiana taxable income defined

10 "Louisiana taxable income" means Louisiana net income; after adjustments;
 11 ~~less the federal income tax deduction allowed by R.S. 47:287.85.~~ "After
 12 adjustments" means after the application of the net operating loss adjustment allowed
 13 by R.S. 47:287.86.

14 * * *

15 §293. Definitions

16 The following definitions shall apply throughout this Part, unless the context
 17 requires otherwise:

18 * * *

19 (10) "Tax table income", for nonresident individuals, means the amount of
 20 Louisiana income, as provided in this Part, allocated and apportioned under the
 21 provisions of R.S. 47:241 through 247, plus the total amount of the personal
 22 exemptions and deductions already included in the tax tables promulgated by the
 23 secretary under authority of R.S. 47:295, ~~less the proportionate amount of the federal~~
 24 ~~income tax liability~~, excess federal itemized personal deductions, the temporary
 25 teacher deduction, the recreation volunteer and volunteer firefighter deduction, the
 26 construction code retrofitting deduction, any gratuitous grant, loan, or other benefit
 27 directly or indirectly provided to a taxpayer by a hurricane recovery entity if such
 28 benefit was included in federal adjusted gross income, the exclusion provided for in
 29 R.S. 47:297.3 for S Bank shareholders, the deduction for expenses disallowed by

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

6 * * *

7 §300.6. Louisiana taxable income of resident estate or trust

8 A. Definition. "Louisiana taxable income" of a resident estate or trust means
9 the taxable income of the estate or trust determined in accordance with federal law
10 for the same taxable year, as specifically modified by the provisions contained in
11 Subsection B of this Section, ~~less a federal income tax deduction to be computed~~
12 ~~following the provisions of R.S. 47:287.83 and 287.85.~~

13 * * *

14 §300.7. Louisiana taxable income of nonresident estate or trust

15 A. Definition. "Louisiana taxable income" of a nonresident estate or trust
16 means such portion of the taxable income of the nonresident estate or trust
17 determined in accordance with federal law for the same taxable year, as specifically
18 modified by the provisions contained in Subsection C of this Section, that was earned
19 within or derived from sources within this state, ~~less a federal income tax deduction~~
20 ~~to be computed following the provisions of R.S. 47:287.83 and 287.85.~~

21 * * *

22 Section 2. R.S. 47:55(5), 287.79, 287.83, 287.85, 287.442(B)(1), 293(4) and
23 (9)(a)(ii), 296.1(B)(3)(c), and 298 are hereby repealed in their entirety.

24 Section 3. The provisions of this Act shall be applicable for all taxable periods
25 beginning on and after January 1, 2017.

26 Section 4. This Act shall take effect and become operative if and when the proposed
27 amendment of Article VII of the Constitution of Louisiana contained in the Act which
28 originated as House Bill No. 41 of this First Extraordinary Session of the Legislature is
29 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 80 Engrossed

2016 First Extraordinary Session

Stokes

Abstract: Repeals the deductibility of federal income taxes paid for purposes of calculating individual and corporate income taxes.

Present constitution and present law authorize a state deduction for federal income taxes paid for purposes of computing income taxes for the same period.

Proposed law repeals the state deduction for federal income taxes paid.

Applicable for all taxable periods beginning on or after Jan. 1, 2017.

Effective if and when House Bill No. 41 of the 1st E.S. of 2016 is enacted and becomes effective.

(Amends R.S. 47:241, 287.69, 293(10), 300.6(A), and 300.7(A); Repeals R.S. 47:55(5), 287.79, 287.83, 287.85, 287.442(B)(1), 293(4) and (9)(a)(ii), 296.1(B)(3)(c), and 298)