

Regular Session, 2009

HOUSE BILL NO. 284

BY REPRESENTATIVE HENRY

TAX/INCOME TAX: Phases out the state tax on the income of individuals, estates, and trusts over a 10-year period

1 AN ACT

2 To amend and reenact R.S. 47:31, 32(A), 290(B), and 300.1, relative to individual income
3 tax; to provide for a reduction of the state tax on individual income by phasing out
4 the tax on individuals, estates, and trusts over a certain period of time; 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. 47:31, 32(A), 290(B), and 300.1 are hereby amended and reenacted
8 to read as follows:

9 §31. Individuals, corporations, and trusts subject to tax

10 ~~There~~ A. Until January 1, 2019, there shall be levied, collected, and paid for
11 each taxable year a tax upon the net income of residents and nonresidents, estates,
12 and trusts ~~and corporations, as hereinafter provided.~~ as follows:

13 (1) Resident individuals. Every person residing within the state, or the
14 personal representative in the event of death, shall pay a tax on net income from
15 whatever source derived, except as hereinafter exempted. Every natural person
16 domiciled in the state, and every other natural person who maintains a permanent
17 place of abode within the state or who spends in the aggregate more than six months
18 of the taxable year within the state, shall be deemed to be a resident of this state for
19 the purpose of determining liability for income taxes under this Chapter.

1 (2) Nonresident individuals. Every nonresident shall pay a tax upon such net
2 income as is derived from property located, or from services rendered, or from
3 business transacted within the state, or from sources within the state, except as
4 hereinafter exempted.

5 ~~(3) Corporations. Corporations shall be taxed on net income from sources~~
6 ~~within the state, as hereinafter set out.~~ B. There shall be levied, collected, and paid
7 for each taxable year a tax upon the net income of corporations from sources within
8 the state.

9 ~~(4) C. There shall be levied, collected, and paid for each taxable year a tax~~
10 upon the net income of domestic and foreign real estate investment trusts as follows:

11 (1) Domestic real estate investment trusts. ~~Trusts~~ shall be taxed on net
12 income from whatever source derived, except as otherwise exempted.

13 ~~(5) (2) Foreign real estate investment trusts. Foreign real estate investment~~
14 ~~trusts~~ shall be taxed on net income from sources within the state, as hereinafter set
15 out.

16 §32. Rates of tax

17 A.(1) On individuals. ~~The~~ Until January 1, 2019, the tax to be assessed,
18 levied, collected, and paid upon the taxable income of an individual shall be
19 computed at the following rates:

20 ~~(1)(a)~~ (a) Two percent on that portion of the first twelve thousand five hundred
21 dollars of net income which is in excess of the credits against net income provided
22 for in R.S. 47:79;

23 ~~(2)(b)~~ (b) Four percent on the next thirty-seven thousand five hundred dollars
24 of net income;

25 ~~(3)(c)~~ (c) Six percent on any amount of net income in excess of fifty thousand
26 dollars of net income.

27 (2) Beginning January 1, 2010, until January 1, 2019, the tax upon the
28 taxable income of an individual shall be determined as provided for in Paragraph (1)

1 of this Subsection; however, the tax to be assessed, levied, collected, and paid by the
2 individual shall be limited to the following percentages of the tax due:

3 (a) For tax years beginning during 2010, ninety percent.

4 (b) For tax years beginning during 2011, eighty percent.

5 (c) For tax years beginning during 2012, seventy percent.

6 (d) For tax years beginning during 2013, sixty percent.

7 (e) For tax years beginning during 2014, fifty percent.

8 (f) For tax years beginning during 2015, forty percent.

9 (g) For tax years beginning during 2016, thirty percent.

10 (h) For tax years beginning during 2017, twenty percent.

11 (i) For tax years beginning during 2018, ten percent.

12 (3) For tax years beginning on and after January 1, 2019, no income tax shall
13 be assessed, levied, collected, or paid on individual income.

14 * * *

15 §290. Purpose

16 * * *

17 B. It is intended that for any taxable year beginning before January 1, 2019,
18 individuals domiciled, residing, or having a permanent place of abode in Louisiana
19 shall be taxed upon income from whatever sources derived and that all other
20 individuals having income earned within or derived from sources in this state shall
21 be taxed upon their Louisiana income for that year.

22 * * *

23 §300.1. Tax imposed

24 A. There is imposed an income tax for each taxable year upon the Louisiana
25 taxable income of every estate or trust, whether resident or nonresident. ~~The~~ Until
26 January 1, 2019, the tax to be assessed, levied, collected, and paid upon the
27 Louisiana taxable income of an estate or trust shall be computed at the following
28 rates:

1 (1) Two percent on the first ten thousand dollars of Louisiana taxable
2 income.

3 (2) Four percent on the next forty thousand dollars of Louisiana taxable
4 income.

5 (3) Six percent on Louisiana taxable income in excess of fifty thousand
6 dollars.

7 B. Beginning January 1, 2010, until January 1, 2019, the tax upon the taxable
8 income of every estate or trust shall be determined as provided for in Subsection A
9 of this Section; however, the tax to be assessed, levied, collected, and paid by the
10 estate or trust shall be limited to the following percentages of the tax due:

11 (1) For tax years beginning during 2010, ninety percent.

12 (2) For tax years beginning during 2011, eighty percent.

13 (3) For tax years beginning during 2012, seventy percent.

14 (4) For tax years beginning during 2013, sixty percent.

15 (5) For tax years beginning during 2014, fifty percent.

16 (6) For tax years beginning during 2015, forty percent.

17 (7) For tax years beginning during 2016, thirty percent.

18 (8) For tax years beginning during 2017, twenty percent.

19 (9) For tax years beginning during 2018, ten percent.

20 C. For tax years beginning on and after January 1, 2019, no income tax shall
21 be assessed, levied, collected, or paid on income of an estate or trust.

22 Section 2. This Act shall become effective upon signature by the governor or, if not
23 signed by the governor, upon expiration of the time for bills to become law without signature
24 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
25 vetoed by the governor and subsequently approved by the legislature, this Act shall become
26 effective on the day following such approval.

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)]

Henry

HB No. 284

Abstract: Beginning Jan. 1, 2010, phases out the state tax on the income of individuals, estates, and trusts over a 10-year period.

Present law requires a state tax to be levied, collected, and paid for each taxable year on the net income of residents, nonresidents, estates, trusts, and corporations.

Proposed law retains present law for the tax on the income of corporations but changes present law for the tax on individuals, estates, and trusts.

Proposed law provides that beginning Jan. 1, 2010, the tax to be assessed, levied, collected, and paid upon the taxable income of an individual, estate, or trust shall be computed as required in present law; however, the tax shall be reduced by 10% for each tax year beginning in 2010. Further provides that beginning on and after Jan. 1, 2019, no income tax shall be collected upon the taxable income of individuals, estates, and trusts.

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

(Amends R.S. 47:31, 32(A), 290(B), and 300.1)