HLS 17RS-5 ENGROSSED

2017 Regular Session

HOUSE BILL NO. 312

BY REPRESENTATIVE STOKES

TAX/INCOME-CREDIT: Repeals the three-year sunset of certain eligibility provisions for the tax credit for taxes paid to other states and authorizes the credit for certain individual partners or members of entities

1	AN ACT
2	To amend and reenact Section 4 of Act No. 109 of the 2015 Regular Session of the
3	Legislature and R.S. 47:33(A)(4), relative to the individual income tax credit for
4	taxes paid to other states; to provide with respect to the sunset provisions of certain
5	eligibility requirements for the credit; to repeal the three-year sunset of certain
6	modifications to the tax credit; to extend the credit to certain parties who pay another
7	state's entity level tax; to provide for an effective date; and to provide for related
8	matters.
9	Be it enacted by the Legislature of Louisiana:
10	Section 1. R.S. 47:33(A)(4) is hereby amended and enacted to read as follows:
11	§33. Credit for taxes paid in other states
12	A. Subject to the following conditions, resident individuals shall be allowed
13	a credit against the taxes imposed by this Chapter for net income taxes imposed by
14	and paid to another state on income taxable under this Chapter, provided that:
15	* * *
16	(4)(a) The credit shall be allowed only if the other state provides a similar
17	credit for Louisiana income taxes paid on income derived from property located in,
18	or from services rendered in, or from business transacted in Louisiana.

1	(b) Notwithstanding the provisions of Subparagraph (a) of this Paragraph, for
2	taxes paid on or after January 1, 2018, an individual partner or member of an entity
3	who pays another state's entity level tax, which does not have a capital component,
4	but is based solely upon income included in the entity's federal taxable income and
5	does not have a capital component, shall be allowed a credit equal to fifty percent of
6	their proportionate share of the entity level tax paid. No credit shall be allowed
7	pursuant to the provisions of this Subparagraph if the proportionate share of the
8	related income and the tax paid to the other state is not included in the calculation
9	of Louisiana taxable income that is reported on the Louisiana return of the individual
10	partner or member.
11	* * *
12	Section 2. Section 4 of Act No. 109 of the 2015 Regular Session of the Legislature
13	is hereby amended and reenacted to read as follows:
14	* * *
15	Section 4. The provisions of Sections 1 and 3, 3, and 4 of this Act shall
16	become effective on July 1, 2015, and shall remain effective through June 30, 2018,
17	at which time the provisions of Sections 1 and 3 of this Act shall become null, void,
18	and of no effect. The provisions of Section 4 of this Act shall become effective on
19	July 1, 2015. The provisions of Section 2 of this Act shall become effective on July
20	<del>1, 2018</del> .
21	Section 3. This Act shall become effective upon signature by the governor or, if not
22	signed by the governor, upon expiration of the time for bills to become law without signature
23	by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
24	vetoed by the governor and subsequently approved by the legislature, this Act shall become
25	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)]

HB 312 Engrossed

2017 Regular Session

Stokes

**Abstract:** Removes the three-year sunset provision relative to the individual income tax credit for net taxes paid to other states and authorizes the credit for individual partners or members of certain entities who pay another state's entity level tax for their proportionate share of the entity level tax paid on or after Jan. 1, 2018.

<u>Present law</u> authorizes an individual income tax credit in an amount equal to income taxes paid for the same taxable period to another state on income that is subject to La. tax if the other state authorizes a similar credit.

<u>Present law</u> authorizes a credit for three years in an amount of the lesser of the actual amount of tax paid to the other state or the amount of La. income tax that would have been imposed if the income had been earned in La.

<u>Present law</u> sunsets in three years, those provisions of <u>present law</u> that require the state to which income taxes were paid, to authorize a similar credit and that the credit amount be the lesser of the actual amount of tax paid to the other state or the amount of La. income tax that would have been imposed if the income had been earned in La.

<u>Proposed law</u> repeals the three-year sunset provisions of <u>present law</u> thereby making the provisions of <u>present law</u> permanent.

<u>Proposed law</u> authorizes the credit in <u>present law</u> to individual partners or members of entities who pay another state's entity level tax that is based solely on the income in the entity's federal taxable income and does not include a capital component, equal to 50% of their proportionate share of the entity level tax paid on or after Jan. 1, 2018.

<u>Proposed law</u> prohibits a credit under <u>proposed law</u> for a state's entity level tax if the proportionate share of the related income and the tax paid to the other state is not included in the calculation of La. taxable income reported on the La. return of the individual partner or member.

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

(Amends R.S. 47:33(A)(4) and §4 of Act No. 109 of the 2015 R.S.)