

Regular Session, 2011

HOUSE BILL NO. 609

BY REPRESENTATIVE DIXON

TAX/INCOME TAX: Reduces the amount of the deduction for excess federal itemized personal deductions and dedicates the associated revenues to the Higher Education Emergency Fund

1 AN ACT

2 To amend and reenact R.S. 47:293(3)(c) and to enact Subpart Q-5 of Part II-A of Chapter  
3 1 of Subtitle 39 of the Louisiana Revised Statutes of 1950, to be comprised of R.S.  
4 39:100.126, and R.S. 47:293(3)(d), relative to the individual income tax; to provide  
5 relative to the deduction for excess federal itemized personal deductions; to reduce  
6 the amount of the deduction which may be claimed in certain tax years; to dedicate  
7 revenue relative to the reduction in the amount of the deduction; to provide for the  
8 creation of the Higher Education Emergency Fund as a special fund in the state  
9 treasury; to provide for the development of an official estimate of certain revenues;  
10 to provide for effectiveness; and to provide for related matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. Subpart Q-5 of Part II-A of Chapter 1 of Subtitle 39 of Louisiana Revised  
13 Statutes of 1950, comprised of R.S. 39:100.126, is hereby enacted to read as follows:

14 SUBPART Q-5. HIGHER EDUCATION EMERGENCY FUND

15 §100.126. Higher Education Emergency Fund

16 A. There is hereby established the Higher Education Emergency Fund, as a  
17 special fund in the state treasury. The purposes of the Higher Education Emergency  
18 Fund, hereinafter referred to as "fund" is to receive state revenues estimated to have  
19 been derived beginning January 1, 2011, from the collection of revenue due to the  
20 fifty percent reduction of the excess federal itemized personal deduction applicable  
21 to state individual income tax as provided for in R.S. 47:293(3)(d). After compliance

1       with the requirements of Article VII, Section 9(B) of the Constitution of Louisiana  
 2       relative to the Bond Security and Redemption Fund, an amount equal to the  
 3       estimated amount of monies to have been derived beginning January 1, 2011, from  
 4       the collection of revenue due to the fifty percent reduction of the excess federal  
 5       itemized personal deduction applicable to state individual income tax shall be  
 6       deposited into the fund. Monies in the fund shall be available exclusively for  
 7       appropriation as provided in this Subsection E of this Section.

8                B. On the last day of August of each year beginning in 2011, the secretary  
 9       of the Department of Revenue shall provide to the chairman of the Joint Legislative  
 10       Committee on the Budget and the state treasurer an official estimate of the amount  
 11       of state revenues which were collected in the most recently ended fiscal year as a  
 12       result of the fifty percent reduction of the excess federal itemized personal deduction.  
 13       The secretary shall develop and determine the method to be used for the preparation  
 14       of the estimate. At the discretion of the secretary, the Revenue Estimating  
 15       Conference or its staff shall provide assistance in the development of the method.

16                C. Upon receipt of the official estimate the state treasurer shall transfer from  
 17       the state general fund an amount equal to that of the official estimate for deposit in  
 18       and credited to the fund.

19                D. Monies in the fund shall be invested in the same manner as monies in the  
 20       state general fund, and any unencumbered and unexpended monies remaining in the  
 21       fund at the end of the fiscal year shall remain to the credit of the fund.

22                E. The money in the fund shall be appropriated by the legislature to be used  
 23       solely for funding higher education.

24       Section 2. R.S. 47:293(3)(c) is hereby amended and reenacted and R.S. 47:293(3)(d)  
 25       is hereby enacted to read as follows:

26       §293. Definitions

27                               \*       \*       \*

28               (3)

29                               \*       \*       \*

1 (c) For ~~all~~ tax years beginning ~~on and after January 1, 2009~~ during calendar  
2 years 2009 and 2010, one hundred percent of such excess federal itemized personal  
3 deductions.

4 (d) For all tax years beginning on and after January 1, 2011, fifty percent of  
5 such excess federal itemized personal deductions.

6 \* \* \*

7 Section 3. The provisions of this Act shall be applicable for all tax years beginning  
8 on and after January 1, 2011.

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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)]

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Dixon HB No. 609

**Abstract:** Reduces the amount of the deduction for excess federal itemized personal deductions from 100% to 50% and dedicates revenues derived therefrom to the Higher Education Emergency Fund to support higher education.

Present law defines "excess federal itemized personal deductions" as the amount by which the federal itemized personal deductions exceed the amount of federal standard deductions which is designated for the filing status used for the taxable period on the individual income tax return. Beginning on and after Jan. 1, 2009, the amount of the deduction that may be claimed is 100%.

Proposed law changes present law to provide that the 100% deduction applies in calendar years 2009 and 2010; however, for all tax years beginning on and after Jan. 1, 2011, 50% of such excess federal itemized personal deductions may be claimed.

Proposed law establishes the Higher Education Emergency Fund as a special fund in the state treasury, hereinafter "fund", to receive state revenues estimated to have been derived beginning Jan. 1, 2011, from the collection of revenue due to the 50% reduction of the excess federal itemized personal deduction applicable to state individual income tax as provided for in proposed law. Monies in the fund shall be invested in the same manner as monies in the state general fund, and any unencumbered and unexpended monies remaining in the fund at the end of the fiscal year shall remain to the credit of the fund.

Proposed law limits appropriation of monies from the fund to fund higher education.

Proposed law requires the secretary of the Dept. of Revenue, on the last day of Aug. of each year, beginning in 2011, to provide to the chairman of the Joint Legislative Committee on the Budget and the state treasurer an official estimate of the amount of state revenues collected in the most recently ended fiscal year as a result of the 50% reduction of the deduction for excess federal itemized personal deductions.

Proposed law requires the state treasurer, upon receipt of the official estimate, to transfer from the state general fund an amount equal to that of the official estimate for deposit in and credited to the fund.

The provisions of proposed law shall be applicable for all tax years beginning on and after Jan. 1, 2011.

(Amends R.S. 47:293(3)(c); Adds R.S. 39:100.126 and R.S. 47:293(3)(d))