

Regular Session, 2013

HOUSE BILL NO. 632

BY REPRESENTATIVE IVEY

TAX/INCOME TAX: Provides for a 5-year phase out of the state tax levied on the net income of individuals and includes special provisions relating to persons age 65 and older

1 AN ACT

2 To enact R.S. 47:32(D), relative to state individual income tax; to phase out the state tax
3 levied on the net income of individuals; to provide with respect to the tax levied
4 upon the income of certain persons aged sixty-five and older; to provide for
5 effectiveness; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:32(D) is hereby enacted to read as follows:

8 §32. Rates of tax

9 * * *

10 D.(1) Notwithstanding the provisions of Subsection A of this Section, the
11 rates applicable to each class of taxpayer as set forth in Subsection A of this Section
12 shall be as follows:

13 (a) For tax years beginning during 2015 and each taxable year thereafter,
14 there shall be no tax assessed, levied, collected, or paid upon the income of an
15 individual who meets all of the following requirements:

16 (i) Attained the age of sixty-five by January 1, 2015.

17 (ii) Was domiciled in Louisiana on January 1, 2015.

18 (b) For tax years beginning during 2017, eighty percent of the rates provided
19 for in Subsection A of this Section.

1 (c) For tax years beginning during 2018 and 2019, sixty percent of the rates
2 provided for in Subsection A of this Section.

3 (2) No tax shall be tax assessed, levied, collected, or paid upon the income
4 of an individual for any tax year commencing on or after January 1, 2019.

5 Section 2. This Act shall become effective July 1, 2013, and shall be applicable to
6 all taxable years beginning on and after January 1, 2015.

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)]

Ivey

HB No. 632

Abstract: Provides for a 5-year phase out of the state tax on the net income of individuals commencing in tax year 2015, and provides for earlier repeal of the income tax for persons aged 65 and older.

Present law provides for a tax to be assessed, levied, collected and paid upon the taxable income of an individual to be computed as follows:

- (1) 2% on that portion of the first \$12,500 of net income;
- (2) 4% on the next \$37,500 of net income;
- (3) 6% on any amount of net income in excess of \$50,000.

Present law provides that in the case of joint returns, the combined tax of present law shall be doubled.

Proposed law changes present law by requiring a phase out of the state tax on the net income of individuals as follows:

- (1) For tax years beginning 2015 and 2016, no change of the rates provided for in present law.
- (2) For tax years beginning 2017, 80% of the rates provided for in present law.
- (3) For tax years beginning 2018 and 2019, 60% of the rates provided for in present law.
- (4) No tax shall be assessed, levied, collected or paid upon the income of an individual for any tax year commencing on or after Jan. 1, 2019.

Proposed law further provides special provisions for persons aged 65 and older. Beginning Jan. 1, 2015, proposed law prohibits taxation of the income of persons who meet the following requirements:

- (1) Attained the age of sixty-five by Jan. 1, 2015.
- (2) Was domiciled in Louisiana on Jan. 1, 2015.

Effective July 1, 2013 and applicable to all taxable years beginning on and after Jan. 1, 2015.

(Adds R.S. 47:32(D))