

Regular Session, 2013

HOUSE BILL NO. 704

BY REPRESENTATIVE KATRINA JACKSON

TAX/INCOME TAX: Limits the amount of the deduction allowed for federal income taxes paid for purposes of computing the state tax on the net income of individuals

1 AN ACT

2 To amend and reenact R.S. 47:293(9)(a)(ii) and (10), relative to individual income tax; to
3 provide for certain definitions; to provide for the maximum amount of federal
4 income taxes allowed as a deduction for purposes of computing individual income
5 tax; to provide for an effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:293(9)(a)(ii) and (10) are hereby amended and reenacted to read
8 as follows:

9 §293. Definitions

10 The following definitions shall apply throughout this Part, unless the context
11 requires otherwise:

12 * * *

13 (9)(a) "Tax table income", for resident individuals, means adjusted gross
14 income plus interest on obligations of a state or political subdivision thereof, other
15 than Louisiana and its municipalities, title to which obligations vested with the
16 resident individual on or subsequent to January 1, 1980, and less:

17 * * *

18 (ii) ~~Federal~~ Up to five thousand dollars of a taxpayer's federal income tax
19 liability.

20 * * *

1 (10) "Tax table income", for nonresident individuals, means the amount of
2 Louisiana income, as provided in this Part, allocated and apportioned under the
3 provisions of R.S. 47:241 through 247, plus the total amount of the personal
4 exemptions and deductions already included in the tax tables promulgated by the
5 secretary under authority of R.S. 47:295, less the proportionate amount of the federal
6 income tax liability which does not exceed five thousand dollars, excess federal
7 itemized personal deductions, the temporary teacher deduction, the recreation
8 volunteer and volunteer firefighter deduction, the construction code retrofitting
9 deduction, any gratuitous grant, loan, or other benefit directly or indirectly provided
10 to a taxpayer by a hurricane recovery entity if such benefit was included in federal
11 adjusted gross income, the exclusion provided for in R.S. 47:297.3 for S Bank
12 shareholders, the deduction for expenses disallowed by I.R.C. Section 280C, the
13 deduction for net capital gains, and personal exemptions and deductions provided for
14 in R.S. 47:294. The proportionate amount is to be determined by the ratio of
15 Louisiana income to federal adjusted gross income. When federal adjusted gross
16 income is less than Louisiana income, the ratio shall be one hundred percent.

* * *

18 Section 2. This Act shall become effective on January 1, 2014.

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)]

Katrina Jackson

HB No. 704

Abstract: Limits the amount of federal income taxes allowed as a deduction in computing individual income taxes for resident and nonresident taxpayers to \$5,000.

Present law provides for a tax to be levied upon the net income of an individual. For purposes of computing the tax, present law defines "tax table income" for resident individuals, as adjusted gross income plus interest on certain obligations of a state or political subdivision, less items such as federal income tax liability.

Proposed law retains present law but limits the amount of federal income tax liability that may be deducted to \$5,000.

Present law defines "tax table income", for nonresident individuals, as the amount of La. income, allocated and apportioned as defined and provided for in present law, plus the total

amount of the personal exemptions and deductions already included in the tax tables promulgated by the secretary under authority of present law, less the proportionate amount of the federal income tax liability.

Proposed law retains present law but limits the amount of federal income tax liability that may be deducted to \$5,000.

Effective Jan. 1, 2014.

(Amends R.S. 47:293(9)(a)(ii) and (10))