

Regular Session, 2012

SENATE BILL NO. 125

BY SENATOR PEACOCK

TAX/INCOME/PERSONAL. Phases down the highest individual income tax and estate and trust tax rate from 6% to 4% over a four-year period starting for tax beginning in 2013.
(gov sig)

1 AN ACT

2 To amend and reenact R.S. 47:32(A), 295(B), and 300.1, relative to income tax; to reduce
3 the rate of the individual income tax and estate and trust tax; and to provide for
4 related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:32(A), 295(B), and 300.1 are hereby amended and reenacted to
7 read as follows:

8 §32. Rates of tax

9 A. On individuals. The tax to be assessed, levied, collected and paid upon the
10 taxable income of an individual shall be computed at the following rates:

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

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

16 (3)(a) For tax years beginning on or before December 31, 2012, six
17 percent on any amount of net income in excess of fifty thousand dollars of net

1 income.

2 (b) For tax years beginning during calendar year 2013, five and one-half
3 percent on such net income.

4 (c) For tax years beginning during calendar year 2014, five percent on
5 such net income.

6 (d) For tax years beginning during calendar year 2015, four and one-half
7 percent on such net income.

8 (e) For tax years beginning on and after January 1, 2016, four percent
9 on any amount of net income in excess of the amount provided for in Paragraph
10 (1) of this Subsection.

11 * * *

12 §295. Tax imposed on individuals; administration

13 * * *

14 B. The secretary shall establish tax tables that calculate the tax owed by
15 taxpayers based upon where their taxable income falls within a range that shall not
16 exceed two hundred fifty dollars. The secretary shall provide in the tax tables that the
17 combined personal exemption, standard deduction, and other exemption deductions
18 in R.S. 47:294 shall be deducted from the two percent bracket. If such combined
19 exemptions and deductions exceed the two percent bracket, the excess shall be
20 deducted from the four percent bracket. If such combined exemptions and deductions
21 exceed the two and four percent brackets, the excess shall be deducted from the ~~six~~
22 percent **the next highest** bracket, **if any.**

23 * * *

24 §300.1. Tax imposed

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

29 (1) Two percent on the first ten thousand dollars of Louisiana taxable

1 income.

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

4 **(3)(a) For tax years beginning on or before December 31, 2012,** six
5 percent on Louisiana taxable income in excess of fifty thousand dollars.

6 **(b) For tax years beginning during calendar year 2013, five and one-half**
7 **percent on such income.**

8 **(c) For tax years beginning during calendar year 2014, five percent on**
9 **such income.**

10 **(d) For tax years beginning during calendar year 2015, four and one-half**
11 **percent on such income.**

12 **(e) For tax years beginning on and after January 1, 2016, four percent**
13 **on any amount of Louisiana taxable income in excess of ten thousand dollars.**

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

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Riley Boudreaux.

DIGEST

Present law levies an income tax on individuals at the following rates:

- (1) 2% on that portion of the \$12,500 of net income which is in excess of the credits against net income provided for in R.S. 47:79 (i.e. personal and dependent exemptions).
- (2) 4% on the next \$37,500 of net income.
- (3) 6% on net income in excess of \$50,000.

Present law levies an income tax on estates and trusts at the following rates:

- (1) 2% on the \$10,000 of Louisiana taxable income.
- (2) 4% on the next \$40,000.

- (3) 6% on Louisiana taxable income in excess of \$50,000.

Proposed law phases-down the 6% rate over a 4-year period starting for tax years beginning in 2013, so that all income is taxed at the 4% rate, as follows:

- (1) For tax years beginning during calendar year 2013, 5.5%.
(2) For tax years beginning during calendar year 2014, 4%.
(3) For tax years beginning during calendar year 2015, 4.5%.
(4) For tax years beginning on and after January 1, 2016, 4%.

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

(Amends R.S. 47:32(A), 295(B), and 300.1)