

2017 Regular Session

SENATE BILL NO. 186

BY SENATOR WARD

TAX/TAXATION. Provides a flat rate for purposes of calculating individual income tax liability and eliminates certain tax credits. (See Act)

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AN ACT

To amend and reenact R.S. 47:32(A) and 295, to enact R.S. 47:12(P), 37(I), 287.755(I), 297(Q), 297.4(C), 297.6(D), 297.7(C), 297.8(C), 297.9(D), 6004(D), 6005(H), 6006(G), 6006.1(H), 6008(E), 6009(C), 6012(G), 6014(G), 6017(D), 6018(C), 6019(D), 6025(E), 6030(I), 6032(C), 6035(I), 6104(E), 6105(E), 6106(F), 6107(D), and R.S. 51:3085(F), relative to taxation; to provide for the calculation of individual income tax liability; to provide for the elimination of certain tax credits; to provide for applicability; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:32(A) and 295 are hereby amended and reenacted and R.S. 47:12(P), 37(I), 287.755(I), 297(Q), 297.4(C), 297.6(D), 297.7(C), 297.8(C), 297.9(D), 6004(D), 6005(H), 6006(G), 6006.1(H), 6008(E), 6009(C), 6012(G), 6014(G), 6017(D), 6018(C), 6019(D), 6025(E), 6030(I), 6032(C), 6035(I), 6104(E), 6105(E), 6106(F), and 6107(D) are hereby enacted to read as follows:

§12. State low-income housing credit

* * *

P. The credit provided for pursuant to the provisions of this Section

1 shall terminate and shall have no effect beginning January 1, 2018.

2 * * *

3 §32. Rates of tax

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

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

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

11 ~~(3) Six percent on any amount of net income in excess of fifty thousand~~
12 ~~dollars of net income.~~

13 * * *

14 §37. Tax credit for contributions to educational institutions

15 * * *

16 I. The credit provided for pursuant to the provisions of this Section shall
17 terminate and shall have no effect beginning January 1, 2018.

18 * * *

19 §287.755. Tax credit for contributions to educational institutions

20 * * *

21 I. The credit provided for pursuant to the provisions of this Section shall
22 terminate and shall have no effect beginning January 1, 2018.

23 * * *

24 §295. Tax imposed on individuals; administration

25 A. There is imposed an income tax for each taxable year upon the Louisiana
26 income of every individual, whether resident or nonresident. The amount of the tax
27 shall be determined from tax tables imposing the maximum tax allowed under the
28 ~~rates~~ rate of tax ~~and brackets~~ set forth in R.S. 47:32 promulgated by the secretary
29 under authority of this Section in accordance with the Administrative Procedure Act.

1 However, the tax imposed by this Part shall never exceed the ~~rates~~ rate of tax ~~and~~
2 ~~brackets~~ set forth in R.S. 47:32.

3 ~~B. The secretary shall establish tax tables that calculate the tax owed by~~
4 ~~taxpayers based upon where their taxable income falls within a range that shall not~~
5 ~~exceed two hundred fifty dollars. The secretary shall provide in the tax tables that the~~
6 ~~combined personal exemption, standard deduction, and other exemption deductions~~
7 ~~in R.S. 47:294 shall be deducted from the two percent bracket. If such combined~~
8 ~~exemptions and deductions exceed the two percent bracket, the excess shall be~~
9 ~~deducted from the four percent bracket. If such combined exemptions and deductions~~
10 ~~exceed the two and four percent brackets, the excess shall be deducted from the six~~
11 ~~percent bracket.~~

12 ~~C.~~ The secretary of the Department of Revenue shall administer and enforce
13 this Part. He may adopt, prescribe, and from time to time alter and enforce
14 reasonable rules, orders, and regulations for the purpose of implementing this Part.
15 He may, upon making a record of his reasons therefor, waive, reduce, or compromise
16 any of the taxes, penalties, or interest or other amounts provided by this Part. Until
17 December 31, 2015, in any case when the penalty exceeds twenty-five thousand
18 dollars, it can be waived by the secretary only after approval by the Board of Tax
19 Appeals. Notwithstanding the provisions of R.S. 47:1508, beginning January 1,
20 2016, waivers of all penalties exceeding twenty-five thousand dollars shall be subject
21 to oversight by the House Committee on Ways and Means and the Senate Committee
22 on Revenue and Fiscal Affairs. This provision shall not apply to any penalty the
23 secretary remits or waives in accordance with rules and regulations promulgated
24 pursuant to the Administrative Procedure Act regarding the remittance or waiver of
25 penalties under the department's voluntary disclosure program.

26 ~~D.~~C. The secretary may require that a complete copy of the taxpayer's federal
27 income tax return, or any part thereof, be filed. When so filed, the federal income tax
28 return, or part thereof, shall constitute and become part of the return required to be
29 filed under this Part.

1 * * *

2 §297. Reduction to tax due

3 * * *

4 **Q. The credit provided for pursuant to the provisions of this Section**
5 **shall terminate and shall have no effect beginning January 1, 2018.**

6 * * *

7 §297.4. Reduction to tax due; certain child care expenses

8 * * *

9 **C. The credit provided for pursuant to the provisions of this Section**
10 **shall terminate and shall have no effect beginning January 1, 2018.**

11 * * *

12 §297.6. Reduction to tax due; rehabilitation of residential structures

13 * * *

14 **D. The credit provided for pursuant to the provisions of this Section**
15 **shall terminate and shall have no effect beginning January 1, 2018.**

16 §297.7. Property insurance tax credit

17 * * *

18 **C. The credit provided for pursuant to the provisions of this Section**
19 **shall terminate and shall have no effect beginning January 1, 2018.**

20 §297.8. Earned income tax credit

21 * * *

22 **C. The credit provided for pursuant to the provisions of this Section**
23 **shall terminate and shall have no effect beginning January 1, 2018.**

24 §297.9. Reduction to tax due; amounts paid by certain military servicemembers and
25 dependents for certain hunting and fishing licenses

26 * * *

27 **D. The credit provided for pursuant to the provisions of this Section**
28 **shall terminate and shall have no effect beginning January 1, 2018.**

29 * * *

1 §6004. Employer credit

2 * * *

3 **D. The credit provided for pursuant to the provisions of this Section**
4 **shall terminate and shall have no effect beginning January 1, 2018.**

5 §6005. Qualified new recycling manufacturing or process equipment and service
6 contracts

7 * * *

8 **H. The credit provided for pursuant to the provisions of this Section**
9 **shall terminate and shall have no effect beginning January 1, 2018.**

10 §6006. Tax credits for local inventory taxes paid

11 * * *

12 **G. The credit provided for pursuant to the provisions of this Section**
13 **shall terminate and shall have no effect beginning January 1, 2018.**

14 * * *

15 §6006.1. Tax credits for taxes paid with respect to vessels in Outer Continental
16 Shelf Lands Act Waters

17 * * *

18 **H. The credit provided for pursuant to the provisions of this Section**
19 **shall terminate and shall have no effect beginning January 1, 2018.**

20 * * *

21 §6008. Tax credits for donations made to assist playgrounds in economically
22 depressed areas

23 * * *

24 **E. The credit provided for pursuant to the provisions of this Section**
25 **shall terminate and shall have no effect beginning January 1, 2018.**

26 §6009. Louisiana Basic Skills Training Tax Credit

27 * * *

28 **C. The credit provided for pursuant to the provisions of this Section**
29 **shall terminate and shall have no effect beginning January 1, 2018.**

1 * * *

2 §6012. Employer tax credits for donations of materials, equipment, advisors, or
3 instructors

4 * * *

5 **G. The credit provided for pursuant to the provisions of this Section**
6 **shall terminate and shall have no effect beginning January 1, 2018.**

7 * * *

8 §6014. Credit for property taxes paid by certain telephone companies; fund

9 * * *

10 **G. The credit provided for pursuant to the provisions of this Section**
11 **shall terminate and shall have no effect beginning January 1, 2018.**

12 * * *

13 §6017. Tax credits for certain expenses paid by economic development corporations

14 * * *

15 **D. The credit provided for pursuant to the provisions of this Section**
16 **shall terminate and shall have no effect beginning January 1, 2018.**

17 §6018. Tax credits for purchasers from "PIE contractors"

18 * * *

19 **C. The credit provided for pursuant to the provisions of this Section**
20 **shall terminate and shall have no effect beginning January 1, 2018.**

21 §6019. Tax credit; rehabilitation of historic structures

22 * * *

23 **D. The credit provided for pursuant to the provisions of this Section**
24 **shall terminate and shall have no effect beginning January 1, 2018.**

25 * * *

26 §6025. Tax credit for Louisiana Citizens Property Insurance Corporation assessment

27 * * *

28 **E. The credit provided for pursuant to the provisions of this Section**
29 **shall terminate and shall have no effect beginning January 1, 2018.**

1 * * *

2 §6030. Solar energy systems tax credit

3 * * *

4 **I. The credit provided for pursuant to the provisions of this Section shall**
5 **terminate and shall have no effect beginning January 1, 2018.**

6 * * *

7 §6032. Tax credit for certain milk producers

8 * * *

9 **C. The credit provided for pursuant to the provisions of this Section**
10 **shall terminate and shall have no effect beginning January 1, 2018.**

11 * * *

12 §6035. Tax credit for conversion of vehicles to alternative fuel usage

13 * * *

14 **I. The credit provided for pursuant to the provisions of this Section shall**
15 **terminate and shall have no effect beginning January 1, 2018.**

16 * * *

17 §6104. Child care expense tax credit

18 * * *

19 **E. The credit provided for pursuant to the provisions of this Section**
20 **shall terminate and shall have no effect beginning January 1, 2018.**

21 §6105. Child care provider tax credit

22 * * *

23 **E. The credit provided for pursuant to the provisions of this Section**
24 **shall terminate and shall have no effect beginning January 1, 2018.**

25 §6106. Credit for child care directors and staff

26 * * *

27 **F. The credit provided for pursuant to the provisions of this Section**
28 **shall terminate and shall have no effect beginning January 1, 2018.**

29 §6107. Business-supported child care

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D. The credit provided for pursuant to the provisions of this Section shall terminate and shall have no effect beginning January 1, 2018.

Section 2. R.S. 51:3085(F) is hereby enacted to read as follows:

§3085. Tax credit

* * *

F. The credit provided for pursuant to the provisions of this Section shall terminate and shall have no effect beginning January 1, 2018.

Section 3. The provisions of this Act amending and reenacting R.S. 47:32 shall be applicable to all taxable periods beginning on and after January 1, 2018.

Section 4. This Act shall take effect and become operative if and when the Act which originated as House Bill No. ____ of this 2017 Regular Session of the Legislature is enacted and becomes effective.

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

DIGEST

SB 186 Original 2017 Regular Session Ward

Present law provides that the tax to be assessed, levied, collected and paid upon the taxable income of an individual shall be computed at the following rates:

- (1) 2% on that portion of the first \$12,500 of net income which is in excess of the credits against net income provided for in present law.
- (2) 4% on the next \$37,500 of net income.
- (3) 6% on any amount of net income in excess of \$50,000 of net income.

Proposed law changes present law to provide a flat rate of 4% against the net income which is in excess of the credits against net income provided for in present law.

Present law provides that the secretary shall establish tax tables that calculate the tax owed by taxpayers based upon where their taxable income falls within a range that shall not exceed \$250. The secretary shall provide in the tax tables that the combined personal exemption, standard deduction, and other exemption deductions in present law will be deducted from the 2% bracket. If such combined exemptions and deductions exceed the 2% bracket, the excess shall be deducted from the 4% bracket. If such combined exemptions and deductions exceed the 2% and 4% brackets, the excess will be deducted from the 6% bracket.

Proposed law deletes present law.

Proposed law eliminates the following tax credits beginning January 1, 2018:

- (1) R.S. 47:12-State low- income housing credit
- (2) R.S. 47:37- Tax credit for contributions to educational institutions
- (3) R.S. 47:287.755- Tax credit for contributions to educational institutions
- (4) R.S. 47:297- Reduction to tax for taxpayer, spouse, or dependent who is deaf, blind, mentally incapacitated or has lost the use of one limb
- (5) R.S. 47:297.4- Credit for certain child care expenses
- (6) R.S. 47:297.6- Reduction to tax due; rehabilitation of residential structures
- (7) R.S. 47:297.7- Property insurance tax credit
- (8) R.S. 47:297.8- Earned income tax credit
- (9) R.S. 47:297.9-Reduction to tax due; amounts paid by certain military servicemembers and dependents for certain hunting and fishing licenses
- (10) R.S. 47:6004-Employer Credit when employing recipients of FITAP payments participating in certain work programs
- (11) R.S. 47:6005-Qualified new recycling manufacturing equipment and service contracts
- (12) R.S. 47:6006- Credits for local inventory taxes paid
- (13) R.S. 47:6006.1- Credits for taxes paid with respect to vessels in Outer Continental Shelf Lands Act Waters
- (14) R.S. 47:6008- Credits for donations to assist playgrounds in economically depressed areas
- (15) R.S. 47:6009- La. Basic Skills Training Tax Credit
- (16) R.S. 47:6012- Employer tax credits for donations of materials, equipment, advisors, or instructors
- (17) R.S. 47:6014- Credit for property taxes paid by certain telephone companies
- (18) R.S. 47:6017- Credits for expenses paid by economic development corporations
- (19) R.S. 47:6018- Credits for purchasers from "PIE contractors"
- (20) R.S. 47:6019- Tax credit; rehabilitation of historic structures
- (21) R.S. 47:6025- Credit for La. Citizens Property Insurance Corp. assessment
- (22) R.S. 47:6030- Solar energy systems tax credit
- (23) R.S. 47:6032- Credit for certain milk producers
- (24) R.S. 47:6035- Credit for conversion of vehicles to alternative fuel usage
- (25) R.S. 47:6104- Child care expense tax credit
- (26) R.S. 47:6105- Child care provider tax credit

- (27) R.S. 47:6106- Credit for child care directors and staff
- (28) R.S. 47:6107- Business-supported child care
- (29) R.S. 51:3085- La. Community Development Financial Institution Act tax credit

Provides that the provisions of the Act amending and reenacting R.S. 47:32 shall be applicable to all taxable periods beginning on and after January 1, 2018.

Provides that this Act shall take effect and become operative if and when the Act which originated as HB. _____ of this 2017 R.S. is enacted and becomes effective.

(Amends R.S. 47:32(A) and 295; adds R.S. 47:12(P), 37(I), 287.755(I), 297(Q), 297.4(C), 297.6(D), 297.7(C), 297.8(C), 297.9(D), 6004(D), 6005(H), 6006(G), 6006.1(H), 6008(E), 6009(C), 6012(G), 6014(G), 6017(D), 6018(C), 6019(D), 6025(E), 6030(I), 6032(C), 6035(I), 6104(E), 6105(E), 6106(F), 6107(D), and R.S. 51:3085(F))