

submitted due to the required documentation. The rule would require less paperwork for claims for capital gains under \$250,000 which could result in an increase of claims for the deduction. However, the proposed rule also limits eligibility which could result in fewer eligible claims. Related parties and parties with less than 75 percent of real property or tangible assets located in Louisiana will no longer qualify for the deduction. The extent to which these new restrictions offset the reduced amount of paperwork is unknown. Overall, the impact to the state is indeterminable.

With no local income tax, there is no impact to local governmental revenue as a result of this rule.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NONGOVERNMENTAL GROUPS (Summary)

Act 242 and the proposed rule are expected to result in more taxpayers claiming the net capital gains deduction. Many taxpayers will experience reduced paperwork requirements when seeking the deduction, resulting in increased utilization to the extent that the deduction was not claimed due to the documentation required. LDR will no longer require a qualified appraisal of the business, which will result in a reduction of costs for those seeking the deduction. The proposed rule will also prevent misuse of the deduction by related parties and parties with less than 75 percent of real property or tangible assets located in Louisiana. The proposed rule requires taxpayers seeking to claim the deduction to attach certain documentation based on whether the capital gain for which a deduction is being claimed is less than or greater than \$250,000. Taxpayers with capital gains less than \$250,000 can expect less costs and paperwork than those with capital gains greater than \$250,000.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

There is no anticipated impact on competition or employment.

Richard Nelson
Secretary
2402#025

Deborah A. Vivien
Chief Economist
Legislative Fiscal Office

NOTICE OF INTENT

**Department of Revenue
Tax Policy and Planning Division**

**Partnership Filing Requirements
(LAC 61:I.1402)**

Under the authority of R.S. 47:1511 and 201 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Tax Policy and Planning Division, proposes to adopt LAC 61:I.1402 relative to partnership filing requirements.

Revised Statute 47:201 requires partnerships to file an annual informational return of income, unless otherwise provided. The purpose of the proposed regulation is to implement Act 287 of the 2021 Regular Session of the Louisiana Legislature relative to partnership filing requirements.

The proposed Rule is written in plain language in an effort to increase transparency.

Title 61

REVENUE AND TAXATION

**Part I. Taxes Collected and Administered by the
Secretary of Revenue**

Chapter 14. Income: Partnerships

§1402. Partnership Filing Requirements

General Requirement

1. Unless otherwise provided, all partnerships doing business or deriving Louisiana sourced income are required to file an informational partnership return of income with the Department of Revenue.

2. Partnerships subject to the filing requirement are required to file Form IT-565, *Partnership Return of Income*, and include all required schedules and attachments.

B. Exceptions

1. A partnership is exempt from filing a partnership return if any of the following are applicable:

a. The partnership's gross receipts were less than \$250,000 and the partnership's total assets at the end of the tax year were less than \$1 million.

i. For purposes of this Subparagraph, "gross receipts" means the sum of the amounts reportable as gross receipt or sales, ordinary income from other partnerships, estates, and trusts, net farm profit and other income on federal Form 1065 or successor form (Lines 1a, 4, 5 and 7 on the 2023 Form 1065); other gross rental income, interest income, ordinary dividends, royalties, and other income on Schedule K, Partners' Distributive Share Items, of federal Form 1065 or successor form (Lines 3a, 5, 6a, 7, and 11 on the 2023 Form 1065, Schedule K); gross proceeds from short-term and long-term capital gains on federal Schedule D, Capital Gains and Losses or successor form; gross proceeds from sale of business property on federal Schedule 4797 or successor form; and total gross rents on federal Form 8825 or successor form, (Line 18a on the 2023), excluding any negative values.

ii. For purposes of this Subparagraph, "total assets" means amounts reportable as end of tax year total assets on Schedule L, Balance Sheet per Books of the federal Form 1065, or successor form (Line 14, column D on the 2023 Form 1065, Schedule L) without regard to location of assets, and excluding any negative values reported as assets on the lines preceding of Schedule L (Lines 1 through 13 on the 2023 form).

b. The partnership is not required to file federal Form 1065 with the Internal Revenue Service.

c. The partnership elected to be taxed as a corporation and files Form CIFT 620 with the Department of Revenue.

d. A partnership qualifying for any exception under this Paragraph must complete Form IT-565, *Partnership Return of Income*, when necessary, for the purpose of providing all partners with the information necessary to file all required income tax returns with the Department of Revenue.

2. Notwithstanding Paragraph 1, a partnership shall file a state partnership return regardless of any applicable exception, when any of the following apply:

a. The partnership is required to attach Schedule 6922, *Louisiana Composite Partnership*, to Form IT-565.

b. The partnership has partners or related parties with an approved pass-through entity election on file with the Department of Revenue.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:201.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Tax Policy and Planning Division, LR 50:

Family Impact Statement

The proposed Rule should not have any known or foreseeable impact on any family as defined by R.S. 49:972(D) or on family formation, stability and autonomy. Specifically, the implementation of the proposed amendment will have no known or foreseeable effect on:

1. The stability of the family.
2. The authority and rights of parents regarding the education and supervision of their children.
3. The functioning of the family.
4. Family earnings and family budget.
5. The behavior and personal responsibility of children.
6. The ability of the family or a local government to perform this function.

Poverty Statement

This proposed Rule will have no impact on poverty as described in R.S. 49:973.

Small Business Analysis

The proposed Rule is not expected to have a significant adverse impact on small businesses as defined in the Regulatory Flexibility Act. The agency, consistent with health, safety, environmental and economic factors has considered and, where possible, utilized regulatory methods in drafting this proposed Rule to accomplish the objectives of applicable statutes while minimizing any anticipated adverse impact on small businesses.

Provider Impact Statement

The proposed Rule will have no known or foreseeable effect on:

1. The staffing levels requirements or qualifications required to provide the same level of service.
2. The total direct and indirect effect on the cost to the provider to provide the same level of service.
3. The overall effect on the ability of the provider to provide the same level of service.

Public Comments

Any interested person may submit written data, views, arguments or comments regarding these proposed amendments to Brad Blanchard, Attorney, Policy Services Division, Office of Legal Affairs by mail to P.O. Box 44098, Baton Rouge, LA 70804-4098. All comments must be received no later than 4 p.m., Tuesday, March 26, 2024.

Public Hearing

A public hearing will be held on Wednesday, March 27, 2024, at 10 a.m. in the River Room, on the seventh floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802. Should individuals with a disability need an accommodation in order to participate, contact Brad Blanchard at the address given above in the Public

Comments section, by email at LDRadarequests@la.gov, or by phone at (225) 219-2780.

Richard Nelson
Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES RULE TITLE: Partnership Filing Requirements

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)

The proposed rule requires that all partnerships file an annual informational return of income with LDR as provided for in Act 287 of the 2021 Regular Session of the Louisiana Legislature. The proposed rule also provides exceptions to the filing requirement.

Implementation of this proposal will not result in material additional costs or cost savings to the Department of Revenue (LDR).

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

This proposal does not directly affect state revenues. With no local income tax, there is no impact to local governmental revenue as a result of this rule.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NONGOVERNMENTAL GROUPS (Summary)

Partnerships doing business or deriving Louisiana-sourced income would submit informational returns to LDR in order to comply with this proposal. However, the additional costs for completion and submission of the required informational return from this proposed rule are expected to be minor.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

There is no anticipated impact on competition or employment.

Luke Morris
Assistant Secretary
2402#018

Deborah Vivien
Chief Economist
Legislative Fiscal Office

NOTICE OF INTENT

Department of Wildlife and Fisheries Wildlife and Fisheries Commission

Ecotour Activities on WMAs (LAC 76:XIX.119)

The Wildlife and Fisheries Commission does hereby give notice of its intent to establish regulations for ecotour activities on Wildlife Management Areas (WMAs). The proposal will add regulations for commercial ecotour activities on certain WMAs.

The Secretary of the Department of Wildlife and Fisheries is authorized to take any and all necessary steps on behalf of the commission to promulgate and effectuate this Notice of Intent, including but not limited to, the filing of the Fiscal and Economic Impact Statement, the filing of the Notice of Intent and compiling public comments and submissions for the commission's review and consideration. In the absence of any further action by the commission following an opportunity to consider all public comments regarding the