NOTICE OF INTENT

Department of Revenue
Policy Services Division

Presidential Disaster Tax Relief Credit, Federal Income Tax Deduction and Withholding by Professional Athletic Teams
(LAC 61:I.601; LAC 61:I.1307, LAC 61:I.1520(C))

Under the authority of R.S. 39:100.1, 47: 164(D), 287.785, 295, 1511, and 1602.1 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., and Acts 395 and 396 of the 2021 Regular Session of the Louisiana Legislature, which became operative on January 1, 2022 due to the passage of Constitutional Amendment Two during the November 13, 2021 election, the Department of Revenue, Policy Services Division, gives notice that rulemaking procedures have been initiated to amend LAC 61:I.601, relative to certain federal disaster tax relief credits, LAC 61:I.1307 relative to the federal income tax deduction, and LAC 61:I.1520(C), relative to the withholding of Louisiana individual income tax by professional athletic teams for nonresident team members who render services to the team within Louisiana.

These proposed amendments would repeal regulations pertaining to Louisiana's federal income tax deduction and federal disaster tax relief credits which became obsolete due to the repeal of R.S. 47:293(4) and R.S. 47:287.85(C)(2). The purpose of LAC 61:I.601 was to declare the Katrina Emergency Tax Relief Act of 2005 and the Gulf Opportunity Zone Act of 2005 as disaster relief credits and provide guidance regarding their applicability in accordance with R.S. 47:293(4), while the purpose of LAC 61:I.1307 was to provide clarification regarding the two options for taxpayers to compute their federal income tax liability deduction when the taxpayer claimed the federal credit for foreign taxes paid pursuant to R.S. 47:297(B). In addition, the proposed amendments make LAC 61:I.1520, which requires periodic withholding for professional athletic teams domiciled outside Louisiana on their nonresident team members, consistent with the new individual income tax rates provided for by Act 395.

Title 61
REVENUE AND TAXATION
Part I. Taxes Collected and Administered by the Secretary of Revenue
Chapter 6. Presidential Disaster Relief
§601. Presidential Disaster Relief

~~A. Definitions~~

~~*Gulf Opportunity Zone (GO Zone)*—that portion of the Hurricane Katrina disaster area determined by the President to warrant individual or individual and public assistance from the federal government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.~~

~~*Hurricane Katrina Disaster Area*—any area with respect to which a major disaster has been declared by the President before September 14, 2005, under Section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Katrina.~~

~~*Hurricane Katrina Employee* — an individual who on August 28, 2005, has a principal place of abode in the GO Zone and is hired during the two year period beginning on such date for a position with the principal place of employment in the GO Zone or an individual who on August 28, 2005, had a principal place of abode in the GO Zone but was displaced from such abode due to Hurricane Katrina and is hired during the period beginning on such date and ending on December 31, 2005, without regard to whether the new principal place of employment is in the GO Zone.~~

~~*Hurricane Katrina Employer* — any employer that conducted an active trade or business on August 28, 2005, in the GO Zone and the employer's active trade or business must have been inoperable on any day after August 28, 2005, and before January 1, 2006, as a result of damage sustained due to Hurricane Katrina.~~

~~*Hurricane Rita Disaster Area* — any area with respect to which a major disaster has been declared by the President before October 6, 2005, under Section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Rita.~~

~~*Hurricane Rita Employee* — an individual who on September 23, 2005, has a principal place of abode in the Rita GO Zone but was displaced from such abode due to Hurricane Katrina and is hired during the period beginning on such date and ending on December 31, 2005, without regard to whether the new principal place of employment is in the Rita GO Zone.~~

~~*Hurricane Rita Employer* — any employer that conducted an active trade or business on September 23, 2005, in the Rita GO Zone and the employer's active trade or business must have been inoperable on any day after September 23, and before January 1, 2006, as a result of damage sustained due Hurricane Rita.~~

~~*Rita Gulf Opportunity Zone (Rita GO Zone)* — that portion of the Hurricane Rita disaster area determined by the President to warrant individual or individual and public assistance from the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Rita.~~

~~B. The Katrina Emergency Tax Relief Act of 2005, Pub. L. No. 109-73, 119 Stat. 2016 (H.R. 3768) ("KETRA") and the Gulf Opportunity Zone Act of 2005, Pub. L. No. 109-135, 119 Stat. 2577 (H.R. 4440) provide for the following federal income tax credits, which the secretary hereby declares as presidential disaster area disaster relief credits.~~

~~1. Employee Retention Credit~~

~~a. This is a new credit. It provides a credit of 40 percent of the qualified wages paid by an eligible employer to an eligible employee in the GO Zone or the Rita GO Zone. The wages are capped at $6,000. Thus, the maximum amount of the credit is $2,400 or 40 percent of $6,000.~~

~~b. GO Zone Qualified wages as defined in IRC 51(c)(1) are the wages paid or incurred by an eligible employer with respect to an eligible employee on any day after August 28, 2005, and before January 1, 2006, during the period when the trade or business first~~

~~became inoperable and ending on the date on which the business resumed significant operations. Qualified wages include wages paid to an employee whether the employee performed the service, whether the service was performed elsewhere other than the principal place of employment or whether paid before significant operations have resumed.~~

~~c. Rita GO Zone qualified wages as defined in IRC 51(c)(1) are the wages paid or incurred by an eligible employer with respect to an eligible employee on any day after September 23, 2005, and before January 1, 2006, during the period when the trade or business first became inoperable and ending on the date on which the business resumed significant operations. Qualified wages include wages paid to an employee whether the employee performed the service, whether the service was performed elsewhere other than the principal place of employment or whether paid before significant operations have resumed.~~

~~d. The secretary has determined that the Employee Retention Credit is a federal disaster relief credit granted for Hurricanes Katrina and Rita presidential disaster areas.~~

~~2. Work Opportunity Credit~~

~~a. Pre Hurricane Katrina~~

~~i. The Work Opportunity Credit is available on an elective basis to employers who employ individuals from one or more of eight target groups. The eight target groups are:~~

~~(a). families that receive benefits from the Temporary Assistance for Needy Families Program;~~

~~(b). high-risk youth;~~

~~(c). qualified ex-felons;~~

~~(d). vocational rehabilitation referrals;~~

~~(e). qualified summer youth employees;~~

~~(f). qualified veterans;~~

~~(g). families receiving food stamps; and~~

~~(h). persons receiving Supplemental Security Income benefits.~~

~~ii. Certification is required for an individual to be treated as a member of a targeted group.~~

~~iii. The credit equals 40 percent of qualified first-year wages, which are capped at $6,000. The percentage decreases to 25 percent if the employee works less than 400 hours.~~

~~iv. This credit does not apply to rehires or wages paid to individuals who had previously been employed by the employer.~~

~~v. This credit expires December 31, 2005.~~

~~b. Post Hurricane Katrina~~

~~i. The KETRA Act provides that Hurricane Katrina employees are members of a targeted group for the purpose of the Work Opportunity Credit.~~

~~ii. The certification requirement for Hurricane Katrina employees is waived.~~

~~iii. Wages paid to individuals who had previously been employed, which would normally not be included in qualified first year wages, are now included for Hurricane Katrina employee unless they were employed by the employer on August 28, 2005.~~

~~iv. The expiration date is waived for Hurricane Katrina employees.~~

~~v. The secretary has determined that the Work Opportunity Credit, with respect to wages paid to Hurricane Katrina employees, is a federal disaster relief credit granted for the Hurricane Katrina presidential disaster areas.~~

~~3. Employer-Provided Housing Credit for Individuals Affected by Hurricane Katrina~~

~~a. Definitions~~

~~*Qualified Employee* – with respect to a month, an individual who:~~

~~(a). on August 28, 2005, had a principal residence in the Gulf Opportunity ("GO") Zone; and~~

~~(b). performs substantially all of his or her employment services in the GO Zone for the qualified employer furnishing the lodging.~~

~~*Qualified Employer* – any employer with a trade or business located in the GO Zone.~~

~~b. Pre-Hurricane Katrina – Employer-Provided Housing is includable in income as compensation pursuant to IRC §61.~~

~~c. Post-Hurricane Katrina~~

~~i. The Gulf Opportunity Zone Act of 2005 provides temporary income exclusion for the value of in kind lodging for a month to a qualified employee by or on behalf of a qualified employer.~~

~~ii. The amount of the exclusion for any month can not exceed $600.~~

~~iii. The provision also permits a temporary credit to a qualified employer of 30 percent of the value of the lodging excluded from the income of a qualified employee. The amount taken as a credit is not deductible by the employer.~~

~~iv. The secretary has determined that the Employer-Provided Housing Credit, with respect to wages paid to Hurricane Katrina employees, is a federal disaster relief credit granted for the Hurricane Katrina presidential disaster areas.~~

~~4. Rehabilitation Tax Credit~~

~~a. Definitions~~

~~*Certified Historic Structure*—any building that is listed in the National Register, or that is located in a registered historic district and is certified by the Secretary of the Interior to the Secretary of the Treasury as being of historic significance to the district.~~

~~*Qualified Rehabilitated Building*—a building that meets the following requirements: retention of existing external walls and internal structural framework of the building and a substantial rehabilitation requirement credit only if the rehabilitation expenditures during the 24-month period selected by the taxpayer and ending within the taxable year exceed the greater of:~~

~~(a). the adjusted basis of the building (and its structural components); or~~

~~(b). $5,000.~~

~~b. Pre-Hurricane Katrina—A 20 percent credit is provided for qualified rehabilitation expenditures with respect to certified historic structures. A 10 percent credit is also provided for qualified rehabilitation expenditure with respect with a qualified rehabilitation building placed in service before 1936.~~

~~c. Post-Hurricane Katrina~~

~~i. The Gulf Opportunity Zone Act of 2005 increases the 20 percent credit to 26 percent with respect to certified historic structures. The Act also increases the 10 percent credit to 13 percent for qualified rehabilitation buildings.~~

~~ii. The qualifying certified historic structures and qualified rehabilitation buildings must be located in the GO Zone.~~

~~iii. These expenditures must have been incurred with respect to such buildings on or after August 28, 2005, and before January 1, 2009.~~

~~iv. The secretary has determined that the increase in the Rehabilitation Tax Credit, with respect to the rehabilitation of buildings is a federal disaster relief credit granted for the Hurricane Katrina presidential disaster areas.~~

~~5. Hope Scholarship and Lifetime Learning Credits~~

~~a. Pre-Hurricane Katrina~~

~~i. The Hope Scholarship credit is a nonrefundable credit of up to $1,500 per student per year for qualified tuition and related expenses paid for the first two years of the student's post-secondary education in a degree or certificate program.~~

~~ii. The Lifetime Learning Credit is equal to 20 percent of qualified tuition and related expenses incurred during the taxable year on behalf of the taxpayer, the taxpayer's spouse, or any dependents. Up to $10,000 of qualified tuition and related expenses per taxpayer return are eligible for the Lifetime Learning Credit. A taxpayer may claim the Lifetime Learning Credit for an unlimited number of taxable years.~~

~~iii. Both the Hope Scholarship and the Lifetime Learning Credits are available for "qualified tuition and related expenses," which include tuition and fees (excluding nonacademic fees) required to be paid to an eligible educational institution as a condition of enrollment or attendance of a student at the institution. Charges and fees associated with meals, lodging, insurance, transportation, and similar personal, living or family expenses are not eligible for the credit. The expenses of education involving sports, games, or hobbies are not qualified tuition expenses unless this education is part of the student's degree program, or the education is undertaken to acquire or improve the job skills of the student.~~

~~b. Post-Hurricane Katrina~~

~~i. The provision temporarily expands the Hope Scholarship and Lifetime Learning credits for students attending an eligible education institution located in the Gulf Opportunity Zone.~~

~~ii. The Hope Scholarship credit is increased to 100 percent of the first $2,000 in qualified tuition and related expenses and 50 percent of the next $2,000 of qualified tuition and related expenses for a maximum credit of $3,000 per student.~~

~~iii. The Lifetime Learning credit rate is increased from 20 percent to 40 percent. Thus, the maximum amount of the credit is $4000 or 40 percent of $10,000.~~

~~iv. The provision expands the definition of qualified expenses to mean qualified higher education expenses as defined under the rules relating to qualified tuition programs, including certain room and board expenses for at least half-time students.~~

~~v. The secretary has determined that the increase in the Hope Scholarship and the Lifetime Learning Credits, with respect to qualified tuition and related expenses of students in the Gulf Opportunity Zone, are federal disaster relief credits granted for the Hurricane Katrina presidential disaster areas.~~

~~6. Low Income Housing Credit~~

~~a. Pre Hurricane Katrina~~

~~i. The low-income housing credit may be claimed over a 10-year period for the cost of rental housing occupied by tenants having incomes below specified~~

~~levels. The amount of the credit for any taxable year in the credit period is the applicable percentage of the qualified basis of each qualified low-income building. The qualified basis of any qualified low-income building for any taxable year equals the applicable fraction of the eligible basis of the building.~~

~~ii. In order to be eligible for the low-income housing credit, a qualified low-income building must be part of a qualified low-income housing project. In general, a qualified low-income housing project is defined as a project which satisfies one of two tests at the election of the taxpayer. The first test is met if 20 percent or more of the residential units in the project are both rent-restricted and occupied by individuals whose income is 50 percent or less of area median gross income (the "20-50 test"). The second test is met if 40 percent or more of the residential units in such project are both rent-restricted and occupied by individuals whose income is 60 percent or less of area median gross income (the "40-60 test").~~

~~iii. Generally, the aggregate credit authority provided annually to each state for calendar year 2006 is $1.90 per resident with a minimum annual cap of $2,180,000 for certain small population states. These amounts are indexed for inflation. These limits do not apply in the case of projects that also receive financing with proceeds of tax-exempt bonds issued subject to the private activity bond volume limit.~~

~~b. Post Hurricane Katrina~~

~~i. The otherwise applicable housing credit ceiling amount is increased for each of the states within the Gulf Opportunity Zone. This increase applies to calendar years 2006, 2007, and 2008. The additional credit cap for each of the affected states equals $18 times the number of such state's residents within the Gulf Opportunity Zone. This amount is not adjusted for inflation. For purposes of this additional credit cap amount, the determination of population for any calendar year is made on the basis of the most recent census estimate of the resident population of the state in the Gulf Opportunity Zone released by the Bureau of the Census before August 28, 2005.~~

~~ii. Under the provision, the Gulf Opportunity Zone, the Rita Go Zone, and the Wilma Go Zone are treated as high-cost areas for purposes of the low income housing credit for property placed-in-service in calendar years 2006, 2007, and 2008. Therefore, buildings located in the Gulf Opportunity Zone, the Rita Go Zone, and the Wilma Go Zone are eligible for the enhanced credit. The 20-percent of population restriction is waived for this purpose. This enhanced credit applies regardless of whether the building receives its credit allocation under the otherwise applicable low-income housing credit cap or the additional credit cap.~~

~~iii. The additional credit cap available for states within the Gulf Opportunity Zone for calendar years 2006, 2007 and 2008 may not be carried forward from any year to any other year. The present-law rules apply for purposes of the Rita Go Zone and the Wilma Go Zone.~~

~~iv. The secretary has determined that all amounts of the low income housing credit allocated throughout the state during calendar years 2006, 2007, and 2008 are federal disaster relief credits granted for the Gulf Opportunity Zone.~~

~~7. New Markets Tax Credit~~

~~a. Pre Hurricane Katrina~~

~~i. IRC Section 45D provides a new markets tax credit for qualified equity investments made to acquire stock in a corporation, or a capital interest in a partnership, that is a qualified community development entity ("CDE"). The amount of the credit allowable to the investor (either the original purchaser or a subsequent holder) is a 5 percent credit for the year in which the equity interest is purchased from the CDE and for each of the following two years, and a 6 percent credit for each of the following four years. The credit is determined by applying the applicable percentage (5 or 6 percent) to the amount paid to the CDE for the investment at its original issue, and is available for a taxable year to the taxpayer who holds the qualified equity investment on the date of the initial investment or on the respective anniversary date that occurs during the taxable year. The credit is recaptured if at any time during the seven-year period that begins on the date of the original issue of the investment the entity ceases to be a qualified CDE, the proceeds of the investment cease to be used as required, or the equity investment is redeemed.~~

~~ii. A qualified CDE is any domestic corporation or partnership: (1) whose primary mission is serving or providing investment capital for low-income communities or low-income persons; (2) that maintains accountability to residents of low-income communities by their representation on any governing board of or any advisory board to the CDE; and (3) that is certified by the Secretary of Treasury as being a qualified CDE. A qualified equity investment means stock (other than nonqualified preferred stock) in a corporation or a capital interest in a partnership that is acquired directly from a CDE for cash, and includes an investment of a subsequent purchaser if such investment was a qualified equity investment in the hands of the prior holder. Substantially all of the investment proceeds must be used by the CDE to make qualified low-income community investments. For this purpose, qualified low-income community investments include: (1) capital or equity investments in, or loans to, qualified active low-income community businesses; (2) certain financial counseling and other services to businesses and residents in low-income communities; (3) the purchase from another CDE of any loan made by such entity that is a qualified low-income community investment; or (4) an equity investment in, or loan to, another CDE.~~

~~iii. A "low-income community" is a population census tract with either (1) a poverty rate of at least 20 percent or (2) median family income which does not exceed 80 percent of the greater of metropolitan area median family income or statewide median family income (for a nonmetropolitan census tract, does not exceed 80 percent of statewide median family income). In the case of a population census tract located within a high migration rural county, low-income is defined by reference to 85 percent (rather than 80 percent) of statewide median family income. For this purpose, a high migration rural county is any county that, during the 20-year~~

~~period ending with the year in which the most recent census was conducted, has a net out-migration of inhabitants from the county of at least 10 percent of the population of the county at the beginning of such period.~~

~~iv. The maximum annual amount of qualified equity investments is capped at $2.0 billion per year for calendar years 2004 and 2005, and at $3.5 billion per year for calendar years 2006 and 2007.~~

~~b. Post Hurricane Katrina~~

~~i. The provision allows an additional allocation of the new markets tax credit in an amount equal to $300,000,000 for 2005 and 2006, and $400,000,000 for 2007, to be allocated among qualified CDEs to make qualified low-income community investments within the Gulf Opportunity Zone. To qualify for any such allocation, a qualified CDE must have as a significant mission the recovery and redevelopment of the Gulf Opportunity Zone. The carryover of any unused additional allocation is applied separately from the carryover with respect to allocations made under present law.~~

~~ii. The secretary has determined that the additional allocation of the new markets tax credit totaling $300,000,000 for 2005 and 2006 and $400,000,000 for 2007 are federal disaster relief credits granted for the Gulf Opportunity Zone.~~

~~8. The Employee Retention Credit, the Katrina disaster relief portion of the Work Opportunity Credit, the Low Income Housing Credit for years 2006, 2007, and 2008 and the Gulf Opportunity Zone portion of the New Markets Tax Credit are part of the general business credit under IRC §38. If the general business credit is limited, the lesser of the amount equal to total disaster relief credits that are components of the general business credit or the general business credit will be allowed as disaster relief credits granted for the Hurricane Katrina presidential disaster areas or Hurricane Rita Disaster presidential disaster areas.~~

A. – B.8 Repealed.

AUTHORITY NOTE: Adopted in accordance with R.S. 47:1511, R.S. 47:287.85(C) (2), R.S. 47:293(3) and R.S. 47.287.785.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 32:642 (April 2006), amended LR 32:1907 (October 2006), repealed LR 48:

Chapter 13. Income: Individual

§1307. Federal Income Tax Deduction

~~A. Individual income taxpayers who deduct the federal income tax liability defined in R.S. 47:293(3) and are due a credit for foreign taxes, shall be allowed two options for computing the federal income tax liability deduction. The taxpayer may either:~~

~~1. use a federal tax liability that has been reduced by the federal credit for foreign taxes allowed by Internal Revenue Code Section 27, and take the Louisiana credit for federal credits provided by R.S. 47:297.B; or~~

~~2. use a federal tax liability that has not been reduced by the federal credit for foreign taxes allowed by Internal Revenue Code Section 27, and forego any claim to the Louisiana credit for federal credits provided by R.S. 47:297.B.~~

A. Repealed.

AUTHORITY NOTE: Adopted in accordance with 47:293(3), R.S. 47:297.B, R.S. 47:295, and R.S. 47:1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 32:642 (April 2006), amended LR 32:1907 (October 2006), repealed LR 48:

Chapter 15. Income: Withholding Tax
§1520. Withholding by Professional Athletic Teams

A. – B. …

C. Rate of Withholding. Effective on or after January 1, 2022, ~~T~~the withholding tax rate under this Section shall be ~~4.2~~ 4.25 percent of the compensation attributable to "duty days" spent in Louisiana.

D. - H. …

AUTHORITY NOTE: Adopted in accordance with R.S. 39:100.1, R.S. 47:164(D), R.S. 47:295, R.S. 47:1511, R.S. 47: 114 and R.S. 47:1602.1.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 30:91 (January 2004), amended LR 39:104 (January 2013), repromulgated LR 39:330 (February 2013), amended LR 48:

Family Impact Statement

The proposed amendments to LAC 61:I.601, regarding Presidential Disaster Relief, LAC 61:I.1307, regarding the federal income tax deduction, and LAC 61:I.1520 regarding the withholding rate for professional athletic teams 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 this proposed rule 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 regulation will have no impact on poverty as described in R.S. 49:973.

Small Business Statement

It is anticipated that this proposed amendment should not 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 amendment to accomplish the objectives of applicable statutes while minimizing any anticipated adverse impact on small businesses.

Provider Impact Statement

The proposed amendment 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 Christina Junker, 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 4:00 p.m., Wednesday, August 24, 2022.

Public Hearing

A public hearing will be held on Thursday, August 25, 2022, at 1:00 p.m. in the LaBelle Room, on the first floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802.

Kevin J. Richard, CPA
Secretary, Department of Revenue

NOTICE OF INTENT

Department of Revenue
Policy Services Division

Presidential Disaster Tax Relief Credit, Federal Income Tax Deduction and Withholding by Professional Athletic Teams
(LAC 61:I.601; LAC 61:I.1307, LAC 61:I.1520(C))

Under the authority of R.S. 39:100.1, 47: 164(D), 287.785, 295, 1511, and 1602.1 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., and Acts 395 and 396 of the 2021 Regular Session of the Louisiana Legislature, which became operative on January 1, 2022 due to the passage of Constitutional Amendment Two during the November 13, 2021 election, the Department of Revenue, Policy Services Division, gives notice that rulemaking procedures have been initiated to amend LAC 61:I.601, relative to certain federal disaster tax relief credits, LAC 61:I.1307 relative to the federal income tax deduction, and LAC 61:I.1520(C), relative to the withholding of Louisiana individual income tax by professional athletic teams for nonresident team members who render services to the team within Louisiana.

These proposed amendments would repeal regulations pertaining to Louisiana's federal income tax deduction and federal disaster tax relief credits which became obsolete due to the repeal of R.S. 47:293(4) and R.S. 47:287.85(C)(2). The purpose of LAC 61:I.601 was to declare the Katrina Emergency Tax Relief Act of 2005 and the Gulf Opportunity Zone Act of 2005 as disaster relief credits and provide guidance regarding their applicability in accordance with R.S. 47:293(4), while the purpose of LAC 61:I.1307 was to provide clarification regarding the two options for taxpayers to compute their federal income tax liability deduction when the taxpayer claimed the federal credit for foreign taxes paid pursuant to R.S. 47:297(B). In addition, the proposed amendments make LAC 61:I.1520, which requires periodic withholding for professional athletic teams domiciled outside Louisiana on their nonresident team members, consistent with the new individual income tax rates provided for by Act 395.

Title 61
REVENUE AND TAXATION
Part I. Taxes Collected and Administered by the Secretary of Revenue
Chapter 6. Presidential Disaster Relief
§601. Presidential Disaster Relief

A. – B.8 Repealed.

AUTHORITY NOTE: Adopted in accordance with R.S. 47:1511, R.S. 47:287.85(C)(2), R.S. 47:293(3) and R.S. 47.287.785.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 32:642 (April 2006), amended LR 32:1907 (October 2006), repealed LR 48:

§1307. Federal Income Tax Deduction

A. Repealed.

AUTHORITY NOTE: Adopted in accordance with 47:293(3), R.S. 47:297(B), R.S. 47:295, and R.S. 47:1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 32:642 (April 2006), amended LR 32:1907 (October 2006), repealed LR 48:

Chapter 15. Income: Withholding Tax
§1520. Withholding by Professional Athletic Teams

A. – B. …

C. Rate of Withholding. Effective on or after January 1, 2022, the withholding tax rate under this Section shall be 4.25 percent of the compensation attributable to "duty days" spent in Louisiana.

D. - H. …

AUTHORITY NOTE: Adopted in accordance with R.S. 39:100.1, R.S. 47:164(D), R.S. 47:295, R.S. 47:1511, R.S. 47: 114 and R.S. 47:1602.1.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 30:91 (January 2004), amended LR 39:104 (January 2013), repromulgated LR 39:330 (February 2013), amended LR 48:

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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.

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It is anticipated that this proposed amendment should not 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 amendment to accomplish the objectives of applicable statutes while minimizing any anticipated adverse impact on small businesses.

Provider Impact Statement

The proposed amendment 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.

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Kevin J. Richard, CPA
Secretary, Department of Revenue

Fiscal and Economic Impact Statement
For Administrative Rules

Person preparing statement:	Benjamin Vincent	Department:	Revenue
Phone:	(225) 219-4007	Office:	Policy Services Division
Return Address:	617 North Third Street Baton Rouge, LA 70802	Rule Title:	LAC 61:I.601, 61:I.1520(C), 61:I.1307
		Date Rule Takes Effect:	October 20, 2022

Summary

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. The following summary statements, based on the attached worksheets, will be published in the ***Louisiana Register*** with the proposed agency rule.

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

Acts 395 and 396 of the 2021 Regular Session reduced or compressed state income tax rates and repealed federal income tax deductibility from state income tax. The purpose of proposed amendments to LAC 61:I.601 is to remove administrative provisions made obsolete by these Acts regarding the hold-harmless provisions for federal tax deductions from income tax due to disasters. The purpose of proposed amendments to 61:I.1307 is to remove administrative provisions made obsolete by these Acts regarding federal income tax liabilities for foreign taxes paid. The purpose of the proposed amendment to LAC 61:1.1520(C) is to update the individual income tax withholding rate for nonresident professional athletic team members from 4.2% to 4.25%, to ensure consistency with tax rates established in Act 395 of the 2021 Regular Session.

No material impacts on costs borne by state or local governmental units are anticipated due to this proposed rule change.

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

No material impacts on revenue collections of state or local governmental units are anticipated due to this proposed rule change. Proposed new tax withholding rates for nonresident professional athletes will increase taxes withheld, but will not affect total tax liabilities, so any increase in taxes withheld will be offset by reduced payments when all taxes for the tax year are due. Because payments may be received earlier, a negligible difference in totals between fiscal years may result.

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

No material impacts on costs or economic benefits are anticipated for affected personal, small business or non-governmental groups due to this proposed rule change.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

No material impact on competition or employment is anticipated due to this proposed rule change.

Luke Morris DEP Secretary	Alan M Boxberger
Signature of Agency Head or Designee	Legislative Fiscal Officer Designee
Kevin J. Richard, Secretary	Alan Boxberger, Interim Fiscal Officer
Typed Name and Title of Agency Head or Designee	Typed Name of Legislative Fiscal Officer Designee
6/30/2022	7/1/22
Date of Signature	Date of Signature