

Regular Session, 2005

HOUSE BILL NO. 240

BY REPRESENTATIVE LAFONTA

TAX/INCOME TAX: Creates an income tax credit for residential lessees

1 AN ACT

2 To enact Chapter 2 of Subtitle VII of Title 47 of the Louisiana Revised Statutes of 1950 to
3 be comprised of R.S. 47:6050 through 6057, relative to the individual income tax;
4 to provide a tax credit to residential lessees in order to provide tax relief; to enact the
5 Residential Lessees Tax Relief Act; to provide for applicability of the Act; and to
6 provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. Chapter 2 of Subtitle VII of Title 47 of the Louisiana Revised Statutes of
9 1950, comprised of R.S. 47:6050 through 6057, is hereby enacted to read as follows:

10 CHAPTER 2. RESIDENTIAL LESSEES TAX RELIEF ACT

11 §6050. Short title

12 This Subtitle is designated and may be cited as the "Residential Lessees Tax
13 Relief Act".

14 §6051. Declaration of purpose

15 The provisions of this Chapter are intended to provide tax relief to residential
16 lessees in the form of a credit against the Louisiana tax on individual incomes in
17 order to provide equitable tax relief to residential lessees similar to the tax relief
18 granted to homeowners through the homestead exemption and are enacted under
19 authority of Article VII, Section 20(B) of the Louisiana Constitution of 1974.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 §6052. Definitions

2 As used in this Chapter, the following terms shall have the meanings
3 hereinafter ascribed to each, unless the context clearly indicates otherwise:

4 (1) "Lease unit" means a dwelling in which a citizen of this state has resided
5 for the entirety of a calendar year.

6 (2) "Residential lessee" means a citizen of this state who resides and is
7 domiciled in a dwelling which is owned by another person and who pays rent for the
8 right to occupy the dwelling.

9 (3) "Residential lessor" means any person who leases residential dwellings.

10 (4) "Tax unit" means the assessment listing or that portion of each
11 assessment listing for purposes of ad valorem taxes as determined by the tax assessor
12 of the parish which includes the lease unit.

13 §6053. Tax credit

14 There shall be allowed a credit against income tax liability due under this
15 Title for each eligible residential lessee which shall be equal to the ad valorem taxes
16 attributable to the lease unit occupied by the residential lessee.

17 §6054. Eligibility

18 A. Each residential lessee who meets the following criteria shall be eligible
19 for the tax credit provided in this Chapter:

20 (1) The residential lessee shall have resided in the lease unit for the entirety
21 of the calendar year for which the credit is sought.

22 (2) Except as may be authorized pursuant to R.S. 47:6057(C) the residential
23 lessee shall have paid the full amount of the rent.

24 B. A recipient of any form of housing subsidy shall not be eligible for the
25 credit provided for in this Chapter.

26 §6055. Computation of credit

27 A. If the lease unit is coterminous with the tax unit or coterminous with
28 more than one tax unit, the credit shall be one hundred percent of the ad valorem
29 taxes paid for the calendar year on the tax unit or units.

1 B. If the lease unit is a portion of a tax unit, the credit shall be the amount
2 which equals the percentage of the ad valorem taxes paid for the calendar year on the
3 tax unit which is attributable to the lease unit.

4 C. The ad valorem taxes attributable to each lease unit which is a portion of
5 a tax unit shall be determined by attributing the tax to each lease unit in the tax unit
6 in the same proportion that the total living area in square feet of the lease unit bears
7 to the total living area in square feet of all the lease units in the tax unit.

8 §6056. Notice of attributable taxes

9 A. On or before the last day of January of each year, each residential lessor
10 shall deliver or transmit to each eligible residential lessee who has leased a lease unit
11 from the residential lessor a statement containing the following information:

12 (1) The name of the residential lessee.

13 (2) The name of the residential lessor.

14 (3) The address or other designation of the tax unit as shown on the tax
15 assessor's records.

16 (4) The address or other designation of the lease unit.

17 (5) The amount of ad valorem taxes paid which are attributable to the lease
18 unit.

19 (6) The total living area in square feet of the lease unit as compared to the
20 total living area in square feet of all the lease units in the tax unit.

21 (7) The calendar year for which the ad valorem taxes were paid.

22 (8) Such other information as the secretary shall require.

23 B. Each eligible residential lessee who does not receive a notice of
24 attributable taxes on or before the fifteenth day of February of each year shall be
25 entitled to recover from the residential lessor damages in an amount equal to three
26 times the amount of the tax credit to which the residential lessee is entitled, plus all
27 costs of court in an action filed to recover such damages, plus reasonable attorney
28 fees.

1 §6057. Limitations

2 A. Notwithstanding any other provision of this Chapter to the contrary, the
3 amount of the credit provided for in this Chapter shall never exceed the amount of
4 the taxpayer's liability for the tax on individual incomes for the calendar year in
5 which the credit is earned.

6 B. The credit provided for in this Chapter must be claimed for the year in
7 which the credit was earned.

8 C. The secretary may adopt rules to provide for the sharing of the credit
9 provided for in this Chapter in instances in which more than one taxpayer resided in
10 a lease unit for the entirety of the calendar year for which the credit is sought;
11 however, the total credit shall never exceed one hundred percent of the ad valorem
12 tax attributable to the lease unit.

13 Section 2. The provisions of this Act shall be applicable to all taxable periods
14 beginning after December 31, 2005.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

LaFonta

HB No. 240

Abstract: Creates an income tax credit for residential lessees.

Proposed law allows a credit against income tax liability for each eligible residential lessee which shall be equal to the ad valorem taxes attributable to the lease unit occupied by the residential lessee.

Proposed law provides that eligible lessees are residential lessees who have resided in the lease unit for the entirety of the calendar year for which the credit is sought and has paid the full amount of the rent. A recipient of any form of housing subsidy shall not be eligible for the credit.

Proposed law provides that if the lease unit is coterminous with the tax unit, the credit shall be 100% of the ad valorem taxes paid for the calendar year on the tax unit. Proposed law provides that if the lease unit is a portion of a tax unit, the credit shall be the amount which equals the percentage of the ad valorem taxes paid for the calendar year on the tax unit attributable to the lease unit.

Proposed law provides that the taxes attributable to a portion of the tax unit shall be determined on a square footage basis.

Proposed law provides that on or before the last day in January of each year, the residential lessor shall give to each eligible residential lessee a notice of attributable taxes. Proposed

law provides that if the residential lessee fails to receive a notice of attributable taxes on or before February 15 of each year, the residential lessee shall be entitled to recover damages from the lessor equal to three times the amount of the tax credit, plus costs of court and reasonable attorney fees.

Proposed law provides that the amount of the credit shall never exceed the amount of the taxpayer's yearly liability for individual income tax. The credit must be claimed for the year in which the credit was earned.

Applicable to taxable periods beginning after Dec. 31, 2005.

(Adds R.S. 47:6050-6057)