

§1703. Certification for Subgrantee Participation in ACP

A. All subgrantees shall participate in the Affordable Connectivity Program or any successor program.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:2370.21-2370.33.

HISTORICAL NOTE: Promulgated by the Office of the Governor, Division of Administration, Office of Broadband Development and Connectivity, LR 50:

Veneeth Iyengar
Executive Director

2401#021

DECLARATION OF EMERGENCY

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

Net Capital Gains Deduction (LAC 61:I.1312)

In accordance with the emergency provisions of the Administrative Procedures Act R.S. 49:962(A)(1), which allows the Department of Revenue, Tax Policy and Planning Division to use emergency procedures to establish rules, and R.S. 47:1511, which allows the department to make reasonable rules and regulations, the secretary hereby adopts LAC 61:I.1312 to effectively administer R.S. 47:293.2 relative to the net capital gains deduction.

Revised Statutes 47:293(9)(a)(xvii) and (10) provide an individual income tax deduction for net capital gains resulting from the sale or exchange of an equity interest in or substantially all of the assets of a non-publicly traded corporation, partnership, limited liability company, or other business organization commercially domiciled in Louisiana.

Act 242 of the 2023 Regular Legislative Session (“Act 242”) requires the department to promulgate regulations relative to the net capital gains deduction and outlines minimum rule requirements. Act 242 provides that the regulations must contain: 1) documentation requirements applicable to taxpayers claiming the deduction; 2) a de minimis exception to documentation requirements for small transaction eligible for the deduction; 3) restrictions on eligibility for transactions where the majority of the physical assets are located outside of Louisiana; and 4) restrictions on eligibility for transactions between related parties. Taxpayers seeking to claim the net capital gains deduction must begin applying the requirements set forth in this Emergency Rule to transactions occurring on or after January 1, 2024.

This Emergency Rule is necessary to effectively administer the net capital gains deduction as provided by R.S. 47:293.2 due to time constraints related to legislative passage of Act 242. This Emergency Rule shall be effective January 1, 2024, and shall remain in effect for 180 days, unless renewed or revoked, or until the adoption of the final Rule, whichever comes first.

Title 61

REVENUE AND TAXATION

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

Chapter 13. Income: Individual

§1312. Net Capital Gains Deduction

A. General. R.S. 47:293(9)(a)(xvii) and (10) provide a deduction for resident individuals and nonresident individuals (“taxpayers”), respectively, for net capital gains resulting from the sale or exchange of an equity interest in, or from the sale or exchange of substantially all of the assets of a non-publicly traded corporation, partnership, limited liability company, or other business organization (“business”) commercially domiciled in Louisiana.

B. Definitions

Capital Gains from the Sale or Exchange of the Assets of a Business—capital gains from sales and exchanges that are reported on Federal Form 4797—Sales of Business Property, the gains from which are reportable on Schedule D of Federal Form 1040.

Commercial Domicile—the principle place from which the business is directed or managed.

Equity Interest—an ownership interest in a business entity that is not publicly traded, such as stock in a corporation, a partnership interest in a partnership, or a membership interest in a limited liability company.

Net Capital Gains—the amount reported as capital gains on the Federal Form 1040.

Related Party—

a. a taxpayer and all entities which are controlled entities with respect to such taxpayer;

b. a taxpayer and any trust in which such taxpayer (or his spouse) is a beneficiary, unless such beneficiary’s interest in the trust is five percent or less of the value of the trust property; and

c. except in the case of a sale or exchange in satisfaction of a pecuniary bequest, a taxpayer who is an executor of an estate and a beneficiary of such estate.

Sale or Exchange of an Equity Interest—a sale or exchange of an equity interest that is reportable on Schedule D of Federal Form 1040—Capital Gains and Losses.

Sale or Exchange of Substantially All of the Assets of a Business—a sale or exchange of assets that leaves the entity unable to carry-on its business. A sale or exchange of assets is presumed to be a sale or exchange of substantially all of the assets of the business if the selling business transfers at least 90 percent of the fair market value of the net assets and at least 70 percent of the fair market value of the gross assets that it held immediately before the transfer.

C. Documentation Requirements

1. Taxpayers claiming the deduction shall submit the following documentation at the time of filing their Louisiana individual income tax return claiming the deduction:

a. a completed Louisiana Form R-6180, Net Capital Gains Deduction Worksheet;

b. documentary evidence of the date the taxpayer acquired an equity interest in the business, such as articles of incorporation or organization, acts of sale or exchange, or donative instruments;

c. a copy of the taxpayer's federal Schedule K-1, if applicable, from the entity from which the gain was derived; and

d. a complete copy of the taxpayer's Federal Form 1040 filed with the IRS for the period in which the gain was recognized, including the Schedule D and any corresponding schedules and forms.

2. In addition to the documentation required by Paragraph 1 above, when the capital gain for which a deduction is being claimed is greater than \$250,000, taxpayers shall also submit the following at the time of filing their Louisiana individual income tax return claiming the deduction:

a. copies of the last two returns on which the income from the business was reported. If the gain is derived from a partnership, provide Form IT-565, Louisiana Partnership Return of Income, for the last two years.

b. If the gain is derived from a pass-through entity, provide detailed information on the pass-through structure, such as a complete organizational chart showing each tier between the taxpayer and the entity from which the gain is derived.

c. If the gain is from the sale of assets, the taxpayer shall also provide the following:

i. a depreciation schedule or fixed asset schedule showing a calculation of gross to net asset values; and

ii. an allocation of purchase price among assets as required by IRC Section 1060, and generally reportable on IRS Form 8594.

D. Eligibility Restrictions

1. Net capital gains resulting from the sale or exchange of real property or tangible assets may qualify for the deduction if 75 percent or more of the real property or tangible assets are located within Louisiana, provided however, that the income from the related business was subject to Louisiana income tax prior to the sale or exchange.

2. Net capital gains from the sale or exchange of an equity interest or from the sale or exchange of substantially all assets shall not qualify for the deduction if the transaction transfers ownership of the interest or assets to a related party.

E. The accrual of refund interest shall be suspended during any period of time that a delay in allowance or approval of the deduction is attributable to the taxpayer's failure to provide information or documentation required herein.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:293(9)(a)(xvii) and (10), 47:293.2 and 47:1511.

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

Kevin J. Richard, CPA
Secretary

2401#016

DECLARATION OF EMERGENCY

**Department of Wildlife and Fisheries
Wildlife and Fisheries Commission**

2023 Recreational Red Snapper Season Closure

Louisiana's private recreational and state charter red snapper season was previously set by the Wildlife and Fisheries Commission at its regular April 2023 meeting to be open daily until further notice. Under the provisions of state management, NOAA Fisheries has delegated season and bag limit authority as well as an annual quota allocation to Louisiana. In order to avoid quota deductions towards the established allocation in 2024, the season must be closed at the end of 2023.

In accordance with the emergency provisions of R.S. 49:962, which allows the Department of Wildlife and Fisheries and the Wildlife and Fisheries Commission to use emergency rules to set finfish seasons, R.S. 56:326.3 which provides that the commission may set seasons for saltwater finfish, and the authority given to the secretary by the commission at its regular April 2023 meeting and in LAC 76:VII.335.G.5 to modify the recreational red snapper season, size, and bag limits under the provisions of NOAA delegated state management, the secretary hereby declares:

The season for the private recreational and state charter harvest of red snapper in Louisiana state waters and federal waters off Louisiana shall close at 11:59 p.m. on December 31, 2023. The season for the private recreational and state charter harvest of red snapper will then remain closed until the regularly scheduled opening of the 2024 season, currently scheduled for May 24, 2024, or until such time as adjusted by the commission or the secretary. Effective with this closure, no person shall recreationally harvest or possess red snapper whether within or without Louisiana waters.

Robert E. Shadoin
Secretary

2401#001

DECLARATION OF EMERGENCY

**Department of Wildlife and Fisheries
Wildlife and Fisheries Commission**

Shrimp Season Closure in Portions of State Inside Waters

The secretary of the Department of Wildlife and Fisheries has been notified that recent biological sampling conducted by the department has indicated that average white shrimp size within these waters to be closed is smaller than the minimum possession count and this action is being taken to protect these small white shrimp and provide opportunity for growth to larger and more valuable sizes. R.S. 56:498 provides that the possession count on saltwater white shrimp for each cargo lot shall average no more than 100 (whole specimens) per pound except during the time period from October 15 through the third Monday in December.