

## NOTICE OF INTENT

### Department of Revenue Policy Services Division

#### Annual Retirement Income Exemption for Individuals 65 or Older (LAC 61:I.1311)

Under the authority of R.S. 47:44.1, R.S. 47:295, and R.S. 47:1511, and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, proposes to adopt LAC 61:I.1311 relative to the \$6,000 exemption for annual retirement income received by an individual who is 65 years of age or older.

Louisiana Revised Statutes 47:44.1 allows an individual who is 65 years of age or older and who receives annual retirement income to exempt up to \$6,000 of this income from state income tax. This proposed regulation will inform individual income taxpayers and their representatives that for all tax years beginning on or after 2005 only the individual who actually received the annual retirement income is entitled to the exemption. It will also provide guidance to taxpayers to assist them in determining who is the recipient of annual retirement income from a pension, annuity or individual retirement account.

The text of this proposed Rule may be viewed in the Emergency Rule portion of this month's edition of the *Louisiana Register*.

#### Family Impact Statement

The proposed adoption of LAC 61:I.1311, regarding the Annual Retirement Income Exemption for Individuals 65 or Older, should not have any known or foreseeable impact on the stability of the family, the authority and rights of parents regarding the education and supervision of their children, the functioning of the family, family earnings and family budget, the behavior and personal responsibility of children, the ability of the family or a local government to perform this function.

Any interested person may submit written data, views, arguments or comments regarding this proposed Rule to Michael D. Pearson, Senior Policy Consultant, 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 4:30 p.m. Tuesday, December 27, 2005. A public hearing will be held on Wednesday, December 28, 2005, at 10 a.m. in the River Room, seventh floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA.

Cynthia Bridges  
Secretary

#### FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES

##### RULE TITLE: Annual Retirement Income Exemption for Individuals 65 or Older

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

There are no estimated implementation costs or savings to state or local governmental units.

The implementation of this proposed regulation, which addresses the exemption of up to six thousand dollars of annual

retirement income received by an individual sixty-five years of age or older, will formally inform all taxpayers that only the individual who actually received the annual retirement income is entitled to the exemption. The regulation will provide guidance to taxpayers to assist them in determining who is the recipient of annual retirement income from a pension or annuity.

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

The implementation of this proposed regulation may result in a slight increase in revenue collections to the state. Although the regulation is incorporating the Department's practice since 2002 into regulation, the regulation should raise awareness of the issue and result in increased compliance. The increase will result from the taxation of income formerly claimed as exempt by the spouse who has not received retirement income. There will be no effect on revenue collections of local governmental units.

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

This proposed regulation should have no effect on economic benefits to directly affected persons as it is incorporating the Department's current practice into regulation which has been in effect since the 2002 tax year.

#### IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This proposed regulation should have no effect on competition or employment.

Cynthia Bridges  
Secretary  
0511#046

Robert E. Hosse  
Staff Director  
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