

2025 Regular Session

HOUSE BILL NO.

BY

TAX/INCOME TAX: Provides for a flat rate for purposes of calculating income tax for individuals, estates, and trusts, and modifies certain income tax deductions and credits

1 AN ACT

2 To amend and reenact R.S. 47:32(A), 32.1, 44.1(A), 287.732.2(B), 293(9)(a)(iv) and (10),

3 294, 295(A) and (B), 300.1, and 300.3(3), to enact R.S. 47:293(9)(a)(xxiv), 297.25,

4 300.6(B)(2)(f), and 300.7(C)(2)(e), and to repeal R.S. 47:32(B), 79, 293(9)(a)(ix) and

5 (xvii), 293.2, 297, 297.2, 297.6, 297.7, 297.9, 297.20(A)(2), and 297.21(A)(2),

6 relative to individual income tax; to provide for a flat tax rate for individuals, estates,

7 and trusts; to provide for the calculation of individual income tax liability; to provide

8 for the reduction of individual income tax rates under certain circumstances; to

9 provide for certain requirements and limitations for the reduction of individual

10 income tax rates; to provide for the amount of the standard deduction; to reduce

11 certain deductions and credits; to increase the amount of the deduction for certain

12 annual retirement income; to provide for certain definitions; to establish a bonus

13 depreciation deduction; to provide for certain limitations with respect to the bonus

14 depreciation; to provide for personal exemptions and credits for dependents; to

15 provide for the rates and brackets for estates and trusts; to repeal provisions relative

16 to elections made by certain corporations and flow-through entities; to repeal

17 provisions for certain disallowed expenses; to repeal the deduction for net capital

18 gains; to repeal regulation requirements for the capital gains deduction; to repeal

19 certain limitations on the deduction for children adopted from foster care; to repeal

1 certain limitations on the deduction for the private adoption of certain children; to  
2 provide for applicability; to provide for an effective date; and to provide for related  
3 matters.

4 Be it enacted by the Legislature of Louisiana:

5 Section 1. R.S. 47:32(A), 32.1, 44.1(A), 287.732.2(B), 293(9)(a)(iv) and (10), 294,  
6 295(A) and (B), 300.1, and 300.3(3) are hereby amended and reenacted and R.S.  
7 47:293(9)(a)(xxiv), 297.25, 300.6(B)(2)(f), and 300.7(C)(2)(e) are hereby enacted to read  
8 as follows:

9 §32. Rates of tax

10 A. On individuals. The tax to be assessed, levied, collected, and paid upon  
11 the taxable income of an individual shall be computed at the following rates:

12 ~~(1) One and eighty-five one hundredths percent on that portion of the first~~  
13 ~~twelve thousand five hundred dollars of net income which is in excess of the credits~~  
14 ~~against net income provided for in R.S. 47:79.~~

15 ~~(2) Three and one-half percent on the next thirty-seven thousand five~~  
16 ~~hundred dollars of net income.~~

17 ~~(3) Four and twenty-five one hundredths rate of three percent on any amount~~  
18 ~~of net income in excess of fifty thousand dollars of net income.~~

19 \* \* \*

20 §32.1. Individual income tax rate reduction; trigger

21 A. As used in this Section, the following words shall have the following  
22 meanings ascribed to them unless the context clearly indicates otherwise:

23 (1) "Actual general fund revenues" shall mean the actual state general fund  
24 direct revenue collections, plus any revenues dedicated to funds enacted after  
25 January 1, 2025, that would have been credited to the state general fund pursuant to  
26 the law in effect on January 1, 2025. Beginning October 1, 2026, actual general fund  
27 revenues shall be calculated by the secretary of the Department of Revenue and the  
28 State Treasurer on October first of each year for the prior fiscal year.

1           (2) "Base year revenues" shall mean twelve billion one hundred fifty-five  
2           million one hundred thousand dollars.

3           (3) "Secretary" shall mean the secretary of the Department of Revenue

4           B.(1) Beginning ~~January 1, 2024~~ October 1, 2026, and each ~~January~~ October  
5           first ~~through 2034~~ thereafter, if the prior fiscal year's actual ~~individual income tax~~  
6           collections as reported in the state's accounting system ~~general fund revenues~~ exceed  
7           the actual individual income tax collections for the fiscal year ending June 30, 2019,  
8           as reported in the state's accounting system, adjusted annually by the growth factor  
9           provided for in Article VII, Section 10(C) of the Constitution of Louisiana ~~base year~~  
10           revenues as determined by the secretary, the individual income tax rate in R.S. 47:32  
11           for the tax year beginning the following January first shall be reduced as provided  
12           in Paragraph (2) of this Subsection. ~~Base year revenues shall be adjusted annually~~  
13           ~~beginning October 1, 2027, by an amount equal to the average annual increase in the~~  
14           ~~Consumer Price Index for all urban consumers, as published by the United States~~  
15           ~~Department of Labor, for the previous calendar year, as calculated by the secretary.~~

16           ~~(2) The reduced rates shall be calculated by multiplying each current rate by~~  
17           ~~the difference between one and the percentage change in individual income tax~~  
18           ~~collections in excess of the individual income tax collections for Fiscal Year 2018-~~  
19           ~~2019 adjusted annually by the growth factor as provided in Paragraph (1) of this~~  
20           ~~Subsection. Rate reductions shall be made only if both of the following conditions~~  
21           ~~are met:~~

22           ~~(a) The prior fiscal year's actual total tax, licenses, and fees exceed the actual~~  
23           ~~total tax, licenses, and fees for Fiscal Year 2018-2019, adjusted annually by the~~  
24           ~~growth factor in Article VII, Section 10(C) of the Constitution of Louisiana:~~

25           ~~(b) The Budget Stabilization Fund balance as determined by the treasurer is~~  
26           ~~at least two and one-half percent of the total state revenue receipts from the prior~~  
27           ~~fiscal year rate shall be reduced by twenty-five hundredths of one percent for each~~  
28           ~~multiple of three hundred seventy-four million dollars, adjusted annually, by which~~  
29           ~~the prior fiscal year's actual general fund revenues exceed the base year revenues.~~



1 annual increase in the Consumer Price Index for all urban consumers, as published  
2 by the United States Department of Labor, for the previous calendar year, as  
3 calculated by the secretary of the Department of Revenue.

4 \* \* \*

5 §287.732.2. Election for S corporations and other flow-through entities

6 \* \* \*

7 B. Notwithstanding any provision of law to the contrary, the tax on the  
8 Louisiana taxable income of every entity that makes the election pursuant to this  
9 Section shall be computed at the ~~rates of:~~ rate levied on individuals pursuant to the  
10 provisions of R.S. 47:32.

11 ~~(1) One and eighty-five one hundredths percent upon the first twenty-five~~  
12 ~~thousand dollars of Louisiana taxable income.~~

13 ~~(2) Three and one-half percent upon the amount of Louisiana taxable income~~  
14 ~~above twenty-five thousand dollars but not in excess of one hundred thousand~~  
15 ~~dollars.~~

16 ~~(3) Four and one-quarter percent upon the amount of Louisiana taxable~~  
17 ~~income above one hundred thousand dollars.~~

18 \* \* \*

19 §293. Definitions

20 The following definitions shall apply throughout this Part, unless the context  
21 requires otherwise:

22 \* \* \*

23 (9)(a) "Tax table income", for resident individuals, means adjusted gross  
24 income plus interest on obligations of a state or political subdivision thereof, other  
25 than Louisiana and its municipalities, title to which obligations vested with the  
26 resident individual on or subsequent to January 1, 1980, and less:

27 \* \* \*

28 (iv) The ~~excess, if any, of the personal exemptions and deductions standard~~  
29 deduction provided for in R.S. 47:294 ~~over the amount of the personal exemptions~~

1 and deductions already included in the tax tables promulgated by the secretary under  
 2 authority of R.S. ~~47:295~~.

3 \* \* \*

4 (xxvi) The bonus depreciation deduction provided for in R.S. 47:297.25.

5 \* \* \*

6 (10) "Tax table income", for nonresident individuals, means the amount of  
 7 Louisiana income, as provided in this Part, allocated and apportioned under the  
 8 provisions of R.S. 47:241 through 247, ~~plus the total amount of the personal~~  
 9 ~~exemptions and deductions already included in the tax tables promulgated by the~~  
 10 ~~secretary under authority of R.S. 47:295~~, less the proportionate amount of excess  
 11 federal itemized personal deductions; the temporary teacher deduction; the recreation  
 12 volunteer and volunteer firefighter deduction; the construction code retrofitting  
 13 deduction; any gratuitous grant, loan, or other benefit directly or indirectly provided  
 14 to a taxpayer by a hurricane recovery entity if such benefit was included in federal  
 15 adjusted gross income; any gratuitous grant, loan, rebate, tax credit, advance refund,  
 16 or other qualified disaster relief benefit directly or indirectly provided to a taxpayer  
 17 by the state or federal government as a COVID-19 relief benefit as defined in R.S.  
 18 47:297.16 if the benefit was included in the taxpayer's federal adjusted gross income;  
 19 the exclusion provided for in R.S. 47:297.3 for S Bank shareholders; ~~the deduction~~  
 20 ~~for expenses disallowed by 26 U.S.C. 280C~~; salaries, wages, or other compensation  
 21 received for disaster or emergency-related work rendered during a declared state  
 22 disaster or emergency; wages of nonresident individuals who are eligible for the  
 23 mobile workforce exemption pursuant to R.S. 47:248; ~~the deduction for net capital~~  
 24 ~~gains~~; the pass-through entity exclusion provided in R.S. 47:297.14; the exemption  
 25 for military survivor benefit plan payments pursuant to R.S. 47:297.17; the bonus  
 26 depreciation deduction provided for in R.S. 47:297.25 and ~~personal exemptions and~~  
 27 ~~deductions~~ the standard deduction provided for in R.S. 47:294. The proportionate  
 28 amount is to be determined by the ratio of Louisiana income to federal adjusted gross  
 29 income. When federal adjusted gross income is less than Louisiana income, the ratio

1 shall be one hundred percent. ~~The Department of Revenue shall promulgate~~  
2 ~~regulations in accordance with R.S. 47:293.2 relative to the individual income tax~~  
3 ~~deduction for income from net capital gains pursuant to this Paragraph.~~

4 \* \* \*

5 §294. ~~Personal exemptions and credit for dependents~~ Standard deduction

6 ~~A. All personal exemptions and deductions for dependents allowed in~~  
7 ~~determining federal income tax liability, including the extra exemption for the blind~~  
8 ~~and aged, will be allowed in determining the tax liability in this Part. A standard~~  
9 ~~deduction shall be allowed in determining a taxpayer's tax liability pursuant to this~~  
10 ~~Part. Taxpayers are required to use the same filing status and claim the same~~  
11 ~~exemptions on their return required to be filed under this Part as they used on their~~  
12 ~~federal income tax return. The amounts to be taken into consideration~~ For tax year  
13 2025, the amount of the standard deduction shall be as follows:

14 ~~A. A combined personal exemption and standard deduction in the following~~  
15 ~~amounts:~~

16	<del>a.(1)</del> Single Individual	<del>\$ 4500.00</del> <u>\$12,500.00</u>
17	<del>b.(2)</del> Married-Joint Return and a Qualified Surviving Spouse	<del>\$ 9000.00</del> <u>\$25,000.00</u>
18	<del>c.(3)</del> Married-Separate	<del>\$ 4500.00</del> <u>\$12,500.00</u>
19	<del>d.(4)</del> Head of Household	<del>\$ 9000.00</del> <u>\$25,000.00</u>

20 ~~B. An additional deduction of one thousand dollars shall be allowed for each~~  
21 ~~allowable exemption in excess of those required to qualify for the exemption~~  
22 ~~allowable under R.S. 47:294(A). Beginning January 1, 2026 and thereafter, the~~  
23 ~~amount of the standard deduction shall be adjusted annually by an amount equal to~~  
24 ~~the average annual increase in the Consumer Price Index for all urban consumers, as~~  
25 ~~published by the United States Department of Labor, for the previous calendar year,~~  
26 ~~as calculated by the secretary of the Department of Revenue.~~

27 §295. Tax imposed on individuals; administration

28 A. There is imposed an income tax for each taxable year upon the Louisiana  
29 income of every individual, whether resident or nonresident. The amount of the tax

1 shall be determined ~~from tax tables imposing the maximum tax allowed under the~~  
2 ~~rates of tax and brackets set forth in accordance with the provisions of R.S. 47:32~~  
3 ~~promulgated by the secretary under authority of this Section in accordance with the~~  
4 ~~Administrative Procedure Act. However, the tax imposed by this Part shall never~~  
5 ~~exceed the rates of tax and brackets set forth in R.S. 47:32.~~

6 B. The secretary shall establish tax tables that calculate the tax owed by  
7 taxpayers based upon where their taxable income falls within a range ~~that shall not~~  
8 ~~exceed two hundred fifty dollars. The secretary shall provide in the tax tables that~~  
9 ~~the combined personal exemption, standard deduction, and other exemption~~  
10 ~~deductions in R.S. 47:294 shall be deducted from the lowest bracket. If the combined~~  
11 ~~exemptions and deductions exceed the lowest bracket, the excess shall be deducted~~  
12 ~~from the next lowest bracket. If the combined exemptions and deductions exceed the~~  
13 ~~two lowest brackets, the excess shall be deducted from the next lowest bracket.~~

14 \* \* \*

15 §297.25 Bonus depreciation deduction; full expensing

16 A. General. For taxable years beginning on or after January 1, 2025, federal  
17 adjusted gross income or, for fiduciaries, federal taxable income, shall be reduced  
18 by the amounts allowed to be deducted pursuant to this Section.

19 B. Definitions. For purposes of this Section, the following words shall have  
20 the following meanings:

21 (1) "Full expensing" means a method for taxpayers to recover costs for  
22 certain expenditures in depreciable business assets by immediately deducting the full  
23 cost of the expenditures in the tax year in which the property is placed in service.

24 (2) "Internal Revenue Code" means Title 26 of the United States Code also  
25 known as the Federal Internal Revenue Code of 1986, as amended.

26 (3) "Qualified improvement property" shall have the same meaning as it is  
27 defined in the Internal Revenue Code Section 168(e)(6), as it existed on January 1,  
28 2021, and shall apply to property placed in service after December 31, 2022.



1           (4) "Qualified property" shall have the same meaning as it is defined in the  
2           Internal Revenue Code Section 168(k), as it existed on January 1, 2021, and shall  
3           apply to property placed in service after December 31, 2022.

4           (5) "Research or experimental expenditures" has the same meaning as it is  
5           defined in 26 C.F.R.1.174-2.

6           C. Internal Revenue Code Section 168 election.

7           (1) The cost of expenditures for business assets that are qualified property  
8           or qualified improvement property included pursuant to Internal Revenue Code  
9           Section 168 shall be eligible for full expensing and may be deducted as an expense  
10          incurred by the taxpayer during the taxable year during which the property is placed  
11          in service.

12          (2) Notwithstanding the provisions of Paragraph (1) of this Subsection, if a  
13          taxpayer does not fully expense the costs of qualified property or qualified  
14          improvement property in the taxable year in which the property is placed in service,  
15          the taxpayer may elect to depreciate the costs in accordance with the schedule  
16          provided in Internal Revenue Code Section 168.

17          D. Internal Revenue Code Section 174 election.

18          (1) A taxpayer may treat specified research or experimental expenditures that  
19          are paid or incurred by the taxpayer during the tax year in connection with the  
20          taxpayer's trade or business as expenses that are not chargeable to the capital  
21          account. These research or experimental expenditures not charged to the capital  
22          account shall be allowed as an immediate deduction and shall remain allowable as  
23          a full and immediate expense deduction in the year in which the expenses are  
24          incurred.

25          (2) Notwithstanding Paragraph (1) of this Subsection, if the taxpayer does not  
26          fully expense costs for specified research or experimental expenditures in the taxable  
27          year in which the property is placed in service, the taxpayer may elect to depreciate  
28          the costs in accordance with the schedule provided in Internal Revenue Code Section  
29          174.

1           E. Internal Revenue Code Section 179 election. A taxpayer may elect to treat  
 2           the cost of any Internal Revenue Code Section 179 property as an expense which is  
 3           not chargeable to the capital account. Any cost of Internal Revenue Code Section  
 4           179 property not charged as an expense to the capital account shall be allowed as an  
 5           immediate deduction for the taxable year in which the Internal Revenue Code  
 6           Section 179 property is placed in service.

7           F. Limitation. A deduction pursuant to this Section shall be allowed only to  
 8           the extent that the cost has not already been deducted in determining federal adjusted  
 9           gross income or, for corporations and fiduciaries, federal taxable income.

10           G. Change in method. Elections may be made for any tax year if made not  
 11           later than the time prescribed by law for filing the return for the tax year, including  
 12           requests for extensions. The taxpayer's election to recover investment costs through  
 13           immediate expensing in the year the investment cost is incurred or amortized over  
 14           an amortization schedule is irrevocable unless specifically authorized by the  
 15           secretary of the Department of Revenue.

16           H. Pass-through entities. If a deduction under this Section is for a  
 17           corporation having an election in effect under subchapter S of the Internal Revenue  
 18           Code, a corporation, a partnership, a limited liability company, an estate, or a trust,  
 19           the deduction may be claimed by the shareholders, partners, members, or  
 20           beneficiaries in the same manner as those shareholders, partners, members, or  
 21           beneficiaries account for their proportionate shares of the income or losses of the  
 22           corporation, partnership, limited liability company, estate, or trust.

23           I. Administration. The Department of Revenue may promulgate rules and  
 24           regulations in accordance with the Administrative Procedure Act as are necessary to  
 25           implement the provisions of this Section.

\* \* \*

27           §300.1. Tax imposed

28           There is imposed an income tax for each taxable year upon the Louisiana  
 29           taxable income of every estate or trust, whether resident or nonresident. The tax to

1 be assessed, levied, collected, and paid upon the Louisiana taxable income of an  
2 estate or trust shall be computed at the ~~following rates:~~

3 (1) ~~One and eighty-five hundredths percent on the first ten thousand dollars~~  
4 ~~of Louisiana taxable income.~~

5 (2) ~~Three and one-half percent on the next forty thousand dollars of~~  
6 ~~Louisiana taxable income.~~

7 (3) ~~Four and twenty-five one hundredths~~ rate of three percent on Louisiana  
8 taxable income ~~in excess of fifty thousand dollars.~~

9 \* \* \*

10 §300.3. Residents and nonresidents

11 The tax imposed by R.S. 47:300.1 upon the income of estates or trusts shall  
12 apply to residents and nonresidents as follows:

13 \* \* \*

14 (3) Estates or trusts located outside the United States that derive income  
15 from Louisiana sources but are not required to file United States fiduciary income  
16 tax returns shall be taxed and required to comply with this Part. Such estate or trust  
17 shall be taxed in the same manner as other nonresident estates or trusts, and the  
18 provisions of this Part shall apply as if the estate or trust had been required to file an  
19 income tax return with the Internal Revenue Service for the current and all prior  
20 years. In the alternative, such estate or trust may elect to be taxed at the rate of ~~five~~  
21 three percent on total gross income from Louisiana sources.

22 \* \* \*

23 §300.6. Louisiana taxable income of resident estate or trust

24 \* \* \*

25 B. Modification. For purposes of this Section, federal taxable income shall  
26 be modified by adding or subtracting the items set forth below:

27 \* \* \*

28 (2) There shall be subtracted from federal taxable income, unless already  
29 excluded therefrom:

1 \* \* \*

2 (f) The amount of the bonus depreciation deduction provided for in R.S.  
3 47:297.25.

4 §300.7. Louisiana taxable income of nonresident estate or trust

5 \* \* \*

6 C. Modification. For purposes of this Section, federal taxable income shall  
7 be modified by adding or subtracting the items set forth below:

8 \* \* \*

9 (2) There shall be subtracted from federal taxable income, unless already  
10 excluded therefrom:

11 \* \* \*

12 (e) The amount of the bonus depreciation deduction provided for in R.S.  
13 47:297.25.

14 Section 2. R.S. 47:32(B), 293(9)(a)(ix) and (xvii), 293.2, 297, 297.2, 297.6, 297.7,  
15 297.9, 297.20(A)(2), and 297.21(A)(2) are hereby repealed in their entirety.

16 Section 3. The provisions of this Act shall be applicable to taxable periods beginning  
17 on and after January 1, 2025.

18 Section 4. This Act shall become effective on January 1, 2025.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB Draft 2025 Regular Session

**Abstract:** ABSTRACT

(Amends R.S. 47:32(A), 32.1, 44.1(A), 287.732.2(B), 293(9)(a)(iv) and (10), 294, 295(A) and (B), 300.1, and 300.3(3); Enacts R.S. 47:293(9)(a)(xxiv), 297.25, 300.6(B)(2)(f), and 300.7(C)(2)(e); Repeal R.S. 47:32(B), 79, 293(9)(a)(ix) and (xvii), 293.2, 297, 297.2, 297.6, 297.7, 297.9, 297.20(A)(2), and 297.21(A)(2))