LOUISIANA DEPARTMENT of REVENUE

TAX POLICY & PLANNING

2025 Regular Session Legislative Summaries

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Administrative

Act 361 (HB 416) prohibits class action lawsuits against the secretary of the Department of Revenue and the Office of Debt Recovery. Act 361 enacts La. R.S. 47:1407(B) which states that the Board of Tax Appeals has no jurisdiction to hear class action lawsuits against the secretary of the Department of Revenue. Class action lawsuits against the secretary as well as the Office of Debt Recovery are prohibited in state courts. The prohibition on class action lawsuits is prospective and does not apply retroactively. Effective June 20, 2025.
[*Amends and reenacts R.S. 47:1407; Enacts R.S. 47:1515 and 1676(M)*]

Act 419 (SB 100) enacts the "State Services and Benefits Legal Status and Accountability Act" and requires state agencies to determine the legal status of individuals receiving state services and benefits and to calculate and report the total dollar value of services and benefits provided to individuals identified as "illegal aliens" or "unaccompanied alien children" as defined by federal law. Each specified agency must submit an annual report one week before the legislature convenes for its regular session to include data on the following:

(1) The total number of individuals receiving state services categorized by legal status.
(2) The total dollar amount of state services or benefits provided to all individuals identified as "illegal aliens" and "unaccompanied alien children".
(3) A breakdown of services provided, including healthcare, education, motor vehicle services, emergency preparedness, tax benefits, and other relevant services and benefits.
(4) A summary of any actions taken to ensure compliance with federal immigration law in meeting its obligations. Effective June 20, 2025.
[*Enacts R.S. 49:1511 - 1518*]

Act 498 (HB 404) provides for administrative changes pertaining to the Louisiana Department of Revenue (LDR). Out-of-state wholesalers and manufacturers of alcohol are no longer required to mail a notice to LDR on the date of shipment but notice must now be submitted in a manner prescribed by the LDR by the 20th day of the month following the shipment date.
Beginning, July 1, 2025, interest on overpayments by taxpayers with direct payment permits shall not begin to accrue until 180 days after the later of the following: the due date of the return, the filing date of the return or claim for refund including the overpayment, or the date the tax was paid.

The sales transaction sourcing rules enacted in La. R.S. 47:301.4 during the 2024 Third Extraordinary Session were amended to provide two additional exceptions. The newly enacted exceptions require drop shipments to be sourced to the location of the transfer of title or possession, whichever occurs first. Additionally, abstracts of title created by persons with a place of business in Louisiana shall be sourced to the person's principal place of business in Louisiana. These sourcing provisions apply retroactively and prospectively.

La. R.S. 47:1621(K) was enacted to prohibit refunds based on tax shelters, shams, evasion schemes or any transactions lacking a legitimate business purpose or that otherwise fail the economic substance doctrine as determined by a final decision of a court of competent jurisdiction.

The Office of Debt Recovery's collection authority is extended to allow the office to withhold, offset, levy, garnish or seize sports wagering winnings to satisfy outstanding debts.
Beginning January 1, 2026, state income tax treatment of deposits to, earnings on and withdrawals from capital construction funds (CCF) will align with to the current federal tax treatment. CCF accounts can be used to defer income tax by making deposits to your CCF account from taxable income, excluding from income, deposits assigned to certain accounts, making withdrawals from your CCF account when you acquire, build, or rebuild fishing vessels, and reducing the basis of fishing vessels you acquire, build, or rebuild to recapture amounts previously excluded from tax.

La. R.S. 47:1624(A)(2), which provided a unique interest rate for severance tax refunds, is repealed effective July 1, 2025. Beginning July 1, 2025, interest on refunds of severance tax for horizontal and deep wells will be calculated in accordance with the general interest rules provided in La. R.S. 47:1624(A)(1).

Act 498 repeals outdated and unused provisions related to issuance of refunds by debit card and rulemaking authority related to a no-return option for certain taxpayers.
Effective July 3, 2025, unless otherwise indicated above.
[*Amends and reenacts R.S. 26:364(C) and R.S. 47:301.4(B)(1), 1621(D)(1), 1624(A)(1), and 1676(C)(4), (D)(4)(a)(i) and (ii),(b), and (c), (E), and (F)(1); Enacts R.S. 47:31(6),301.4(C)(4) and (5), 303.1(D), and 1621(K); Repeals R.S. 47:296.1 and 1624(A)(2)*]

Sales and Use Tax

Act 82 (HB 374)

Act 82 (HB 374) makes accommodations intermediaries marketplace facilitators who can file and remit sales and use tax with the Louisiana Sales and Use Tax Commission for Remote Sellers ("Remote Sellers Commission"). Accommodations intermediaries are persons other than the owner, operator, or manager of a sleeping room, cottage, cabin, room, suite, condominium, townhouse, rental house, or other accommodation who facilitate the furnishing of an accommodation to a transient guest through a marketplace owned, operated, or otherwise controlled by the person. Beginning January 1, 2026, an accommodations intermediary remitting sales and use tax to the Remote Sellers Commission is also required to remit hotel and motel occupancy taxes to the Remote Sellers Commission. Effective July 1, 2025.
[*Amends and reenacts R.S. 47:340.1(A); Enacts R.S. 47:340.1(G)*]

Act 215 (HB 654)

Act 215 (HB 654) prohibits, beginning January 1, 2026, the enactment of new sales and use tax exemptions, exclusions, credits, or rebates by the Louisiana Legislature unless they are applicable to sales and use taxes levied by all taxing authorities. Effective June 8, 2025.

[*Enacts R.S. 47:301.7*]

Act 339 (SB 243) clarifies that the sale of prescription drugs to persons enrolled in any Louisiana Children's Health Insurance under Title XXI of the Social Security Act or any Louisiana Medicaid program under Title XIX of the Social Security Act is exempt from state and local sales and use taxes. Effective June 11, 2025.
[*Amends and reenacts R.S. 47:305.2(B)(1)*]

Act 384 (HB 578) reinstates certain exemptions that were repealed during the 2024 Third Extraordinary Session (the "special session"). The following exemptions were reenacted retroactive to January 1, 2025, for state sales and use tax purposes and effective July 1, 2025, for local sales and use tax purposes:

1. Repairs to certain property returned out of state
2. Leases and rentals of motor vehicles by vehicle dealers or manufacturers furnished in connection with warranty agreements
3. Sales of tangible personal property at, admission charges for, or parking fees associated with certain fundraising events by nonprofit organizations
4. Sales to certain sickle cell disease organizations
5. Sales of construction materials to Habitat for Humanity affiliates
6. Purchases, leases, and repairs by qualifying radiation therapy treatment centers

Additionally, Act 384 enacts the following changes effective July 1, 2025:

1. The exemption for adaptive driving equipment is extended to local sales and use taxes
2. Purchases made by the Edward Via College of Osteopathic Medicine are exempt from state and local sales and use taxes
3. The sales and use tax exemption for certain ships and vessels operating in interstate coastwise commerce is extended to include certain digital products and services used in the maintenance and operation of the ship or vessel

The combined state and local sales and use tax on boats registered in Louisiana is capped at $20,000 for purchases made on or after July 1, 2025. The cap applies to the combined state and local tax due after credit for taxes paid to another state. If the total amount of state and local tax due would have exceeded $20,000 and the cap is triggered, then the $20,000 tax collected shall be divided equally between the state and applicable local collector.
Surveys were repealed from the definition of Information Services. Additionally, cable television services, direct-to-home satellite services, video programming services, and satellite digital audio radio services were removed from the definition of information services and listed as a separate enumerated service. Additionally, language was added to clarify that video programming services mean those provided by cable and satellite service providers.
The exemption from sales and use taxes granted to the state, parish, municipality, other political subdivisions and instrumentalities of the state or its political subdivisions is extended to purchases made by general contractors and subcontractors for work performed pursuant to construction contracts for public projects. Qualifying contractors/subcontractors must obtain an exemption certificate from the Department of

Revenue for each contract. If the construction project relates to a payment in lieu of taxes or similar agreement, it must be approved by the secretary of Louisiana Economic Development and secretary of Department of Revenue for an exemption to apply. This requirement applies to agreements executed after June 20, 2025.

Act 384 also makes technical changes to clarify certain revisions made during the special session with regard to sales of admissions to athletic/entertainment events by public schools, the definitions of dealer and tangible personal property, the exemption for private, nonprofit companies contracting for the construction/operation of sewerage or wastewater treatment facilities, the exemption for feminine hygiene and diaper products, and the exemption for educational materials used for classroom instruction.

Sourcing rules for purchases of multiple listing services (MLS) by real estate licensees and brokers were adopted. These transactions are sourced to the licensee's or broker's Louisiana regional real estate association office.

During the 2024 Third Extraordinary Session, the 0.03% sales and use tax levied by the Tourism Promotion District was repealed and the levy provided in La. R.S. 47:331 was increased from 0.97% to 1.0% with a dedication to the Tourism Promotion District. Act 384 clarifies that the dedication is in the amount of 3% of the collections (representing 0.03% of the 1.0% levy) from the tax levied in La. R.S. 47:331.

Finally, Act 384 establishes the Local Revenue Fund into which the additional 5% state sales tax on telecommunications, cable, and satellite services shall be deposited. The revenues deposited into the fund are to be used to offset ad valorem tax losses resulting from the exemption of business inventory.
[*Amends and reenacts R.S. 47:301(3)(a), (4)(k)(i), (10), (13)(a), (16)(d), (18)(a) and (c)(i), and (27)(x)(ix), 301.1(F), 301.3(7)(a) and (10)(a), 305.1(A), (B), (C)(1)(introductory paragraph) and (c) and (3)(a), 305.2(A)(5), 305.6(1), (5), and (6), 305.7(A)(1) and (2), 305.12(D), 305.33, 305.36(A), (B), and (C)(1), 305.50(A)(2)(b)(i), 305.75(A), 321(A), 321.1(A), (B), and (C)(2), 331(A) and (B), and 337.10(A) and (D), and R.S. 51:1286(A); Enacts R.S. 33:9038.34(P), R.S. 39:100.118, and R.S. 47:301.3(11), 301.4(C)(4), 305(E)(4) and (L), 305.1(C)(6), 305.12(E), 305.14, 305.21, 305.22, 305.23, 305.64, 337.4(B)(4), and 337.10(E); Repeals R.S. 47:301.6(B) and (C), 305.2(A)(4), and 305.36(E)*]

Act 433 (SB 162) enables persons who offer or facilitate the furnishing of rental cars by rental car companies to be classified as a marketplace facilitator. It also provides general clean-up to the Remote Sellers Commission (RSC) provisions which includes adding references to digital products, updating statutory references, and removing unnecessary language related to "non-remote sellers" and affiliate nexus. The authorization for the RSC to administer vendor's compensation for the locals and the specific local rates is also reinstated. La. R.S. 47:340.1(C)(2) is amended to clarify that the marketplace facilitator economic nexus test is the same as that for other remote sellers-more than $100,000 in sales into Louisiana.

[*Amends and reenacts R.S. 47:301(4)(k)(i), 302(V)(1) and (2), 339(A)(2), (B)(6) and (7), 340(G)(6)(a) and (H), and 340.1(A)(7) and (C)(2); enacts R.S. 47:340(G)(6)(d); repeals R.S. 47:340.1(A)(4)(b)(iv)*]

Income Tax

Act 32 (SB 52) exempts grant amounts received from the Louisiana Fortify Homes Program pursuant to La. R.S. 22:1483.1, from tax table income for purposes of individual income tax. This exemption is applicable to grant amounts received on or after January 1, 2025. Effective June 4, 2025.
[*Enacts R.S. 22:1483.1(F) and R.S. 47:293(9)(a)(xxvii)*]

Act 44 (SB 232) sunsets the current motion picture production tax credit program for applications received after June 30, 2025, and authorizes a tax credit of up to 40% for projects approved on or after July 1, 2025. The new program will be established through rules promulgated by Louisiana Economic Development which must be approved by both the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs before becoming effective. Effective July 1, 2025.
[*Amends and reenacts R.S. 47:6007(B)(11) and (18), the introductory paragraph of (C)(1)(a), the introductory paragraph of (C)(1)(b), (J)(3) and (4); Enacts R.S. 47:6007(C)(1)(d)*]

Act 110 (SB 118) authorizes a Louisiana individual income tax exclusion for deposits made into Achieving a Better Life Experience Account Program (ABLE) accounts beginning January 1, 2026. Account owners may exclude up to $2,400 per beneficiary, per tax year if filing a single return, and up to $4,800 per beneficiary if filing a joint return. Unused exclusion amounts may be carried forward to subsequent years. Interest earned is also excluded, but amounts withdrawn for non-qualified expenses must be added back to tax table income. The LA Tuition Trust Authority is required to submit an annual report no later than January 31st each year to the LDR listing all deposits made by account owners during the prior calendar year. Effective August 1, 2025, and applicable to taxable periods beginning on or after January 1, 2026.
[*Amends and reenacts R.S. 17:3088 and enacts R.S. 47:293(9)(a)(xxvii)*]

Act 160 (HB 211) clarifies eligibility requirement concerning the individual income tax credit for the purchase of firearm safety devices. Specifically, Act 160 revises the definition of an "eligible transaction" to eliminate the requirement that a dealer hold a federal firearms license under 18 U.S.C. § 923 and requires only that the transaction be a Louisiana sale from a dealer that is required to collect sales and use tax on the sale of the firearm safety device. Act 160 is applicable to taxable periods beginning on or after January 1, 2025. Effective June 8, 2025.
[*Amends and reenacts R.S. 47:297.24(A)(1)*]

Act 251 (HB 184) authorizes a deduction for hardship distributions from retirement accounts when the withdrawal results from a serious and immediate financial need, as determined by the retirement plan. To qualify, the taxpayer, or in the case of married joint filers, the taxpayer's spouse, must be diagnosed with a terminal illness by a licensed physician. Act 251 applies to taxable periods beginning on or after January 1, 2026. Effective January 1, 2026.
[*Enacts R.S. 47:293(9)(a)(xxvii) and 297.26*]

Act 282 (HB 477) expands the definition of a "qualified school" to include a public elementary or lab school operated by a public college or university for purposes of participation in the donation to student tuition organizations credit program. Act 282 is applicable to donations to student tuition organizations which provide scholarships to eligible students for the 2026-27 school year, and thereafter. Effective January 1, 2026.
[*Amends and reenacts R.S. 47:6301(B)(1)(a) and (2)(a)(introductory paragraph) and (i)*]

Act 349 (HB 238) makes changes to the adoption from foster care deduction and the credit for donations to qualifying foster care charitable organizations. La. R.S. 47:297(20)(C)(2) authorizes the LDR to establish, by rule, alternative procedures for verifying eligibility for the foster care adoption deduction when existing documentation requirements are found to be burdensome.

Act 349 amends the definition of a "qualifying foster care charitable organization" to mean an organization licensed by and in good standing with the Department of Children and Family Services (DCFS). DCFS must submit an annual report of all such qualifying organizations to the LDR by January 31st of each year for the prior calendar year. La. R.S. 47:6042(D)(2) is amended to establish requirements relative to the receipt issued by a qualifying foster care organization.

The requirements for claiming deductions for certain school-related expenses (La. R.S. 47:297.10, 297.11, and 297.12) were amended to require that the child be claimed as a dependent on the taxpayers federal income tax return. Act 349 is applicable to taxable periods beginning on or after January 1, 2025. Effective June 20, 2025.
[*Amends and reenacts R.S. 47:297.10(A), 297.11(A), 297.12(A)(introductory paragraph) and (B)(1), 297.20(C), and 6042(D), (E), and (F)(4); Repeals R.S. 47:6042(B)*]

Act 376 (HB 533) establishes the Work-Based Learning Credit. La. R.S. 47:6003 authorizes a nonrefundable credit for the employment of an "apprentice," "youth worker," or "intern," as defined therein, for a minimum of 100 hours per taxable period, equal to the lesser of $2.50 per hour of employment or $2,500 per taxable period. Unused credits can be carried forward for up to five years. Beginning January 1, 2027, taxpayers must apply for the credit during the annual application period following the year the credit is earned. The credit has an initial cap of $1 million dollars, with an annual increase of $1 million dollars, up to a maximum of $7.5 million dollars, if 80% of the credit cap amount authorized for the previous calendar year is utilized, as determined by the LDR. The credit cannot be combined with any

other incentive received for the hiring of an eligible apprentice, youth worker or intern and sunsets on December 31, 2031. Act 376 is applicable to taxable periods beginning on or after January 1, 2026. Effective January 1, 2026.
[*Amends and reenacts R.S. 23:386 and R.S. 47:6033(G); Enacts R.S. 47:6003*]

Act 382 (HB 567) repeals the treatment and taxation of an S corporation as a C corporation. Beginning, January 1, 2026, S corporations will be treated as a pass-through entity for state income tax purposes. Act 382 further repeals the optional election of a qualified Subchapter S subsidiary to be treated and taxed as a separate entity in favor of treatment and taxation of such entity as a disregarded entity. S corporations must file an annual informational return, electronically, which includes the income attributable to this state as well as the income not attributable to this state, of each shareholder. If a shareholder fails to timely pay its taxes due with respect to its share of income of the S corporation the LDR can collect payment directly from the S corporation.

With regard to the mobile workforce exemption, Act 382 increases the threshold at which an employer becomes liable for withholding and an employee becomes liable for tax on any wages earned in the state from 25 days to 30 days. Additionally, Act 382 repeals the requirement that a nonresident be either exempt from tax pursuant to the U.S. Constitution or federal or state law or that the nonresident taxpayer's state of residence provide either a substantially similar exemption or not impose an individual income tax.

Finally, Act 382 repeals references to numerous inactive credit statutes contained in Title 39. Act 382 is applicable to taxable periods beginning on or after January 1, 2026. Effective June 20, 2025.
[*Amends and reenacts R.S. 47:112.2(A), 248(B)(1)(a), 287.732, 287.732.1, 287.732.2(A)(1), and 1675(F)(1); Repeals R.S. 39:2(15.1)(a) through (c), (k), (v), (x), and (y) and R.S. 47:248(B)(1)(d), 287.750(I), and 1675(G)*]

Act 404 (SB 28) establishes a nonrefundable income tax credit for Louisiana resident taxpayers who install a fortified roof on their primary residence, as certified by the Insurance Institute for Business and Home Safety. The credit is equal to the full amount of qualified installation costs, up to $10,000 per residence. The credit applies only to owner-occupied homes with a homestead exemption. New construction, condominiums, and mobile homes do not qualify. The credit is capped at $10 million per fiscal year, allocated on a first-come, first-served basis, with proration required if the amount of requests received exceeds the available amount. Credits may be carried forward for up to three years but cannot be claimed in combination with other state tax benefits or fortified roof grant funds received pursuant to La. R.S. 22:1483.1. LDR is required to promulgate rules to establish policies relative to administration of the eligibility criteria or any other matter deemed necessary to implement the credit. The credit applies to qualifying expenses incurred on or after July 1, 2025, and may not be earned after December 31, 2031. Effective June 20, 2025.
[*Enacts R.S. 47:6044*]

Act 412 (SB 65) clarifies that the prohibition on earning the inventory tax credit on or after July 1, 2026, is applicable to payments of ad valorem tax made on or after July 1, 2026. The prohibition applies to entities taxed as a C corporation for federal income tax purposes or an estate and trust subject to the tax provided for in La. R.S. 47:300.1. Cooperatives that are permitted to claim a federal income tax deduction for patronage dividends paid or allocated to their members may continue to earn the credit even though they are taxed as a C corporation for federal tax purposes. Any entity subject to the prohibition is granted an additional ten years of carryforward for any credit which did not expire prior to January 1, 2025. Finally, Act 412 clarifies that all entities may continue to claim the credit relative to any carryforward amounts available for credit previously earned. Act 412 is applicable to taxable periods beginning on or after January 1, 2025. Effective June 20, 2025.
[*Amends and reenacts R.S. 47:6006(A), the introductory paragraph of (B)(1), (2) and (4)*]

Act 423 (SB 123) authorizes a nonrefundable income tax credit for a donation to a public school receiving a "D" or "F" letter grade for the most recent school year pursuant to the Louisiana School and District Accountability System. The credit is earned in the year of the donation and is equal to 90% of the amount donated. Donated amounts must be used by the public school for qualifying purposes, as provided therein. The governing authority of the public school must submit a public report prepared by a certified public accountant which contains all required identifying information therein. The report is due no later than the last day of February of each year and must be submitted to the LDR and the Department of Education. The credit is capped at $1 million per calendar year. Taxpayers must apply for the credit, electronically, during an annual application period following the year in which the credit is earned. The credit will be granted on a first-come, first-serve basis, with any requests received in excess of the credit cap being treated as received on the first day of the subsequent calendar year. The credit sunsets on December 31, 2027. Act 423 is applicable to taxable periods beginning on or after January 1, 2026. Effective January 1, 2026.
[*Enacts R.S. 47:6302*]

Act 441 (SB 186) authorizes an allocation of $150 million dollars of qualified equity investment authority to the New Markets Tax Credit program. The allocation is available for applications submitted on or after August 1, 2025. The cap on amounts that may be invested in any one qualified low-income community business is increased from $5 million to $10 million for qualified equity investments issued after August 1, 2025. The investment cap applies on a per application round basis. A community development entity remains eligible to apply for credits when its allocation agreement expired but was not revoked or cancelled by the Community Development Institutions Fund and the community development entity received a prior certification of qualified equity investment authority after August 1, 2020. Act 441 further requires any applicant to certify that it has not been subject to forfeiture of deposit for failure to comply with all applicable requirements and grants exemption from the requirement of submitting a deposit with an application when the criteria is satisfied, while denying the application of any community development entity which fails to satisfy this requirement. Community development entities that issue qualified equity investments after August 1, 2025 must submit an annual report to LED which contains information outlined in

La. R.S. 47:6016.1(H)(4), within the first five days of the first anniversary of the initial credit allowance date, as well as an annual report within the first forty-five days of the beginning of the calendar year during the compliance period. Effective June 20, 2025.
[*Amends and reenacts R.S. 47:6016.1(B)(8)(a) and (11), (E)(1)(c), (2), and (5)(d), and (H)(1)(introductory paragraph) and enacts R.S. 47:6016.1(E)(1)(g) and (5)(e) and (J)(4) and (5)*]

Act 454 (SB 233) amends the amount of the School Readiness Tax Credit for business-supported childcare and makes several key changes. As shown in **Table 1**, the credit percentages for qualifying childcare centers are increased for centers rated three stars or higher. **Table 2** outlines the expanded limits on eligible business childcare expenses. Beginning January 1, 2027, taxpayers must apply for the credit during the annual application period following the year the credit is earned. Finally, Act 454 renames the credit the "Work Force Childcare Tax Credit" and authorizes an initial credit cap of $1 million dollars, with an annual increase of $1 million dollars, when 80% of the credit cap amount authorized for the previous calendar year is utilized, as determined by the LDR up to a maximum of $5 million dollars. Effective January 1, 2026.
[*Amends and reenacts the heading of Chapter 2 of Subtitle VII of Title 47 of the Louisiana Revised Statutes of 1950, R.S. 47:6102(7), and R.S. 47:6107(A)(1) as amended and reenacted by Section 1 of Act 6 of the 2024 Third Extraordinary Session of the Legislature of Louisiana and enacts R.S. 47:6107(C)*]

Quality Rating of Child Care Center	Previous Credit Rate	New Credit Rate
1 star or nonparticipating facility	0%	0%
2 stars	5%	0%
3 stars	10%	30%
4 stars	15%	40%
5 stars	20%	50%

Table 1[1]

Expense Type	Previous Limit	New Limit
Equipment purchase, repair, or facility construction/ renovation/expansion/ major repair	$50,000	$100,000
Payments to eligible child care centers for services supporting employees	$50,000	$100,000
Purchase of child care slots at eligible child care facilities for children of employees	$5,000	$10,000

Table 2

[1] Amended on 9/23/2025 to reflect increase in credit percentages for qualifying childcare centers rated three stars or higher, as provided in Act 454.

Act 473 (HB 145) increases the limit on the amount of the Construction Code Retrofitting Deduction from $5,000 to $10,000 per retrofitted residential structure and expands eligibility to include any improvements voluntarily performed to bring an existing residential structure into compliance with the FORTIFIED home standards of the Insurance Institute for Business and Home Safety. LDR must promulgate rules related to documentation and procedures necessary to qualify for the deduction. Act 473 is applicable to taxable periods beginning on or after January 1, 2026. Effective January 1, 2026.
[*Amends and reenacts R.S. 47:293(2)(a)(i), (b), and (d) and repeals R.S. 47:293(2)(c) and (e)*]

Act 515 (HB 665) amends the Angel Investor Tax Credit to require each Louisiana Entrepreneurial Business that participates in the program to submit an application to LED. To qualify, the Louisiana Entrepreneurial Business must establish that it is a high-growth, wealth creating business which will have more than 50% of its sales outside Louisiana and that it is primarily engaged in a qualifying business sector, including energy and process logistics, logistics, aerospace and defense, agribusiness, professional services, life sciences, and technology. No new credit can be reserved after June 30, 2026. However, LED may grant credits from the residual, unused credits accumulated prior to January 1, 2026, until those amounts are fully exhausted. Beginning, January 1, 2026, no residual, unused credits can be carried forward, and the credit is no longer required to be divided into equal portions over two years. Investments in a Louisiana Entrepreneurial Business located in a parish with a population of less than 50,000, according to the most recent federal, decennial census, are eligible for the credit. The changes are applicable to taxable periods beginning on January 1, 2025 unless otherwise specified.
[*Amends and reenact R.S. 47:6020(C)(2)(c) and (d), (D)(1) and (2)(a), (G), and (H); Enacts R.S. 47:6020(B)(3) and (C)(2)(e); Repeals R.S. 47:6020(B)(2)(c)*]

Severance Tax

Act 284 (HB 495) provides that the exemption for gas produced from a horizontal well completed on or after July 1, 2025, is for a period of 18 months or until payout of the well cost is achieved, whichever comes first. For horizontal wells completed before July 1, 2025, the exemption period remains twenty-four months or until payout of the well cost is achieved, whichever comes first. Effective July 1, 2025.
[*Amends and reenacts R.S. 47:633(7)(d)*]

Act 295 (HB 600) reduces the severance tax rate on oil from 12.5% to 6.5% for wells completed on or after July 1, 2025. The rate applicable to oil produced from a well completed prior to July 1, 2025, remains at 12.5%.
The reduced rate on oil produced from incapable wells is set at a rate of 6.25% rather than 50% of the full rate. Similarly, the reduced rate on oil produced from stripper wells is set at 3.125% rather than 25% of the full rate. These rates apply to all production regardless of well completion date.

The reduced rates for inactive and orphan oil wells are changed from a percentage of the full rate to set rates. For oil production that commences prior to October 1, 2028, the reduced rate on oil produced from inactive oil wells is 3.125% and from orphan oil wells is 1.565%. For oil production that commences after October 1, 2028, the reduced rate for inactive oil wells is 6.25% and for orphan oil wells is 3.125%. The reduced rates applicable to gas production remain unchanged. For production commencing prior to October 1, 2028, the inactive well rate remains 25% of the full rate and the orphan rate is 12.5% of the full rate. For production commencing after October 1, 2028, the inactive gas well rate is 50% of the full rate and the orphan gas well rate is 25% of the full rate. Effective July 1, 2025.
[*Amends and reenacts R.S. 47:633(7)(a), (b), and (c)(i)(aa), (ii)(aa), and (iv)(aa) and (bb)*]

Act 373 (HB 518) retains current tax rates and structure and makes technical changes to the language in La. R.S. 47:633 to remove outdated language. Technical changes were made to the requirements for the well cost statement submitted to the Department of Energy and Natural Resourced adopted by Act 18 of the 2024 Third Extraordinary Session. The well cost statement must be issued by a qualified CPA who is independent from the operator and must be performed in accordance with attestation standards established by the AICPA.

La. R.S. 47:645 was amended to accurately reflect current constitutional language related to the disposition of severance tax collections to the locals. Effective August 1, 2025.
[*Amends and reenacts R.S. 47:633 and 645(A) and (B)*]

Act 458 (SB 244) restores the requirement that the oilfield site restoration fee is payable upon the initial disposition of each barrel of oil and condensate, and establishes pricing benchmarks for crude oil and condensate (based on the average NYMEX oil price over the 12 months ending June 30) and natural gas and casing head gas (based on the Henry Hub spot price average for the prior calendar year). Effective June 24, 2025.
[*Amends R.S. 30:87(A), (F)(1)(a)(intro para), and (b)(intro para) as enacted by Section 1 of Act 16 of the 2024 Third Extraordinary Session of the Legislature of Louisiana*]

Tobacco Tax

Act 266 (HB 325)[2] revises the tobacco excise tax levied on cigars that are invoiced by the manufacturer at or above $2,500 per thousand from twenty percent of the invoice price to $0.50 per cigar for taxable periods January 1, 2026, through December 31, 2027. Beginning January 1, 2028, the levy on these cigars will revert to twenty percent of the invoice price. The tax imposed on cigars invoiced at $120 per thousand or less remains unchanged at eight percent of invoice price, and the tax on cigars invoiced at $121 - $2,499 per thousand will remain twenty percent of invoice price. Effective January 1, 2026.
[*Amends and reenacts R.S. 47:841(A)(2)*]

[2] Updated 10/3/2025 to correct the category of cigars subject to the special rate of $0.50 per cigar.

Act 516 (HB 669) continues, in statute, the levy of 4 cents per pack that is protected by Article VII, Section 4.1 of the Louisiana Constitution. Section 4.1 provides that the levy provided in La. R.S. 47:841(B)(3) cannot be less than it was in 2012, but the statutory provision was repealed. Act 516 maintains that levy statutorily.

The definition of cigarette is amended to include any roll for heating pursuant to ordinary conditions of use. The language clarifies that products commonly referred to as heat-not-burn are considered cigarettes. The definition of smoking tobacco was updated to clarify that tobacco suitable for smoking as a cigarette is deemed smoking tobacco. Finally, the definition of tobacco substitute adopted by the Department of Revenue in regulation is codified in La. R.S. 47:841(B)(20). Effective July 7, 2025.
[*Amends and reenacts R.S. 47:841(B)(3) and 842(2), (16), and (20) through (23); Enacts R.S. 47:842(24)*]