



LOUISIANA
DEPARTMENT
of REVENUE



Tax Exemption Budget

2025 - 2026



R-1005 (03/26)

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Introduction

Part 1

Introduction

Louisiana's state government relies on tax revenues to fund valuable services for its citizens. Ensuring that the system of taxation is fair, equitable, and efficient is vital to our economic success and quality of life. In setting tax policies, we must consider the taxpayer's ability to pay, the impact of those policies on economic development, and the interaction of tax policies with other policy goals.

Tax exemptions are an important component of Louisiana's tax policies. According to Revised Statute 47:1517(E), tax exemptions refer to "those revenue losses attributable to provisions of the state tax statutes or rules promulgated pursuant to such statutes, which allow a special exclusion, exemption, or deduction from gross income or sales or which provide a special credit, a preferential rate of tax, or a deferral of tax liability." Granting a tax exemption can be a powerful tool for providing economic development incentives or for mitigating the regressive qualities of certain tax types. However, tax exemptions always come with a cost. Exemptions reduce revenues otherwise available for programs or for tax relief for taxpayers who do not benefit from the exemptions. Therefore, it is critical that policy makers understand both the cost of exemptions and their effectiveness at achieving their intended goals.

Recognizing the need for this information, the legislature mandated in Section 1517 of Title 47 of the Louisiana Revised Statutes ("R.S.") that the Louisiana Department of Revenue ("Department of Revenue") prepare and submit to the governor and the legislature an annual tax exemption budget. In addition, the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs are required to conduct hearings on the tax exemption budget every odd-numbered year. These committees analyze and consider tax exemptions which have caused revenue loss to the state of \$10 million or more in any one of the last three fiscal years. These committees may also report to the legislature findings or recommendations developed as a result of the hearings.

Statutory Requirements

According to R.S. 47:1517(B) the Tax Exemption Budget must include the following information pertaining to the state's tax exemptions:

1. Listing of each tax exemption
2. Statutory citation
3. Purpose
4. Revenue loss to the state for the three preceding years
5. Estimate of revenue loss to the state for the current fiscal year
6. Estimate of revenue loss to the state for the ensuing fiscal year
7. Estimated cost of administering and implementing each tax exemption for the three preceding fiscal years, the current fiscal year, and the ensuing fiscal year
8. Number of businesses that receive each tax exemption
9. Parish or location of each business that receives a tax exemption
10. Number of taxpayers in each industry group by North American Industry Classification System sector that receives a tax exemption
11. Total tax burden by industry group for each tax before the exemption, total value to each industry group for each exemption, and total tax value by each industry group for each tax after the exemption
12. Schedule listing all tax exemptions by categories

In addition, R.S. 47:1517(C) requires that the annual Tax Exemption Budget include an assessment of each tax exemption based on the following criteria:

1. Whether or not each tax exemption has been successful in meeting the purpose for which it was enacted, in particular, whether each tax exemption benefits those originally intended to be benefited, and if not, those who do benefit
2. Whether each tax exemption is the most fiscally effective means of achieving its purpose
3. Unintended or inadvertent effects, benefits, or harm caused by each tax exemption, including whether each tax exemption conflicts with other state laws or regulations
4. Whether each tax exemption simplifies or complicates the state tax statutes

Introduction

Contents of the Report

Part 1, the Introduction, provides a general description of the statutory requirements for the Department of Revenue to prepare an annual Tax Exemption Budget.

Part 2, the Overview, provides further explanation of the purpose of the Tax Exemption Budget, methodology for measuring the fiscal effect of tax exemptions, reliability and source data of estimates, and terminology used to describe the fiscal effect of a tax exemption.

Part 3, the Executive Summary, provides graphical representations of revenue losses related to Fiscal Year 2024-2025, by major tax type.

Part 4, the Five-Year Estimate of Revenue Loss, is a listing of each tax exemption by major tax type and the revenue losses for the three preceding years, and estimated losses for the current year, and the ensuing year. The number of each tax exemption corresponds to its placement in the Listing of Exemptions. The category into which each exemption fits is also noted.

Part 5, the Listing of Exemptions, is arranged alphabetically by major tax type and provides general information regarding each tax exemption. Each section contains a discussion of the major tax type, the legal citations, the tax base, the tax rate, and any significant changes to the imposition or administration of the tax exemption enacted during the prior year. In addition, an index of each tax exemption, the legal citation, and the page number is provided to aid the reader.

Part 6, Appendix, provides a copy of Louisiana Revised Statute 47:1517.

Part 7, Glossary, provides definitions for terms used in the Tax Exemption Budget.

Data Limitations of the Tax Exemption Budget

The Department of Revenue is able to provide all of the required information for the annual Tax Exemption Budget except for the following:

1. The cost of administering and implementing each tax exemption
2. A determination of whether each tax exemption has been successful in meeting the purpose for which it was enacted and whether it benefits those originally intended to be benefited
3. A determination of whether each tax exemption is the most fiscally effective means of achieving its purpose
4. A determination of unintended or inadvertent effects, benefits, or harm caused by each tax exemption
5. A determination of whether each tax exemption simplifies or complicates the state tax statutes
6. Number of businesses that receive each tax exemption
7. Parish or location of each business that receives a tax exemption
8. Number of taxpayers in each North American Industry Classification System (NAICS) sector that receives a tax exemption
9. Total tax burden by industry group for each tax before the exemption, total value to each industry group for each exemption, and total tax value by each industry group for each tax after the exemption

Currently, the Department of Revenue does not capture the data required to offer an opinion on the information listed in items 1 through 5 above. The lack of historical data for specific exemptions, both financial and statistical in nature, limits the Department of Revenue's ability to make a determination with any significant confidence about its degree of accuracy. Additionally, because many exemptions are either reported within a consolidated group or by the seller/vendor, the parish and NAICS information available to the Department does not accurately reflect the location or industry group of the business receiving the tax exemption.



Overview

Part 2

Overview

The Purpose of the Tax Exemption Budget

Louisiana's governmental policy objectives are achieved through direct spending programs and through tax exemptions which reduce actual tax collection revenues. Similar to direct spending programs, tax exemptions are designed to encourage certain activities or to provide financial assistance to persons, businesses, or groups in particular situations. The purpose of this report is to provide information to facilitate a regular, comprehensive legislative review of state tax exemptions.

Measurements of Tax Exemptions

The fiscal impacts of tax exemptions are often difficult to measure and estimates of the effect of tax exemptions are subject to limitations and require that assumptions be made. Generally, in calculating the revenue loss related to a tax exemption, it is assumed that only the provision in question is changed and that all other aspects of the tax system remain the same.

Consistent with accepted revenue estimating practices, the estimates also assume that economic variables, taxpayer behavior and other factors would be unaffected by the repeal of a tax exemption. As a result, the calculations do not consider any side effects that could result from the removal of any other tax exemption.

In addition, the estimates are limited to the accuracy and completeness of the source data. In some cases, little data is available, and estimates were made using external sources or indirect information. Specifically, the following three scenarios are highlighted as areas of potential understatement or overstatement of estimates in the Tax Exemption Budget:

- Revenue losses associated with nonrefundable individual income tax, corporation income tax, fiduciary income tax, and corporation franchise tax credits, including nonrefundable credits reported in the tax incentive and exemption contracts section have been limited to the tax liability reported.
- Revenue losses associated with transferable tax credits, such as the Motion Picture Investor Tax Credit and the credit for the Rehabilitation of Historic Structures used as payments for outstanding liabilities are only reported if the tax credit is in the Tax Credit Registry under R.S. 47:1524.
- Revenue losses are reported based on all tax returns filed during the fiscal year. If returns for prior periods are filed in the current fiscal year, the revenue losses attributable to those prior tax periods are reflected in the data reported. As a result, revenue losses may continue to be reported in a given fiscal year even after a provision has been repealed or has sunset.

Reliability of Data Sources

The precision of the fiscal effect of the tax exemptions reported in this document varies with the source of the data and the applicability of the data to the specific tax exemption provision. Regardless of the data source, the reliability of estimates for the current and ensuing years is of distinctly lower quality than that of the historical numbers.

Whenever possible, data from actual tax returns is used to estimate the fiscal effect of a tax exemption. Other sources of data include informational reports filed with the Department of Revenue, the Department of Revenue's Summary of Refunds and Rebates Issued Report, and information gathered from the Office of Motor Vehicles, Louisiana Economic Development, Department of Education and Department of Culture, Recreation & Tourism.

For purposes of this report, the following terminology is used to describe the fiscal effect for tax exemptions with the following situations:

Negligible – revenue loss is reported or estimated at \$10,000 or less

No data – historical data was not available to report or estimate the revenue loss

Unable to anticipate – source data was not available to predict the future revenue loss

***** – tax exemption was not in effect for tax periods that would be filed during the fiscal year

NRR – source data was not available because there is no reporting requirement for the data

See number (x) – used in the sales tax and individual income tax listings to indicate that the fiscal effect for a tax exemption is included with the fiscal effect of the referenced exemption. Generally, this applies to those tax exemptions that have been superseded by another form of exemption or grouped with a like item.

Reliability of Sales Tax Return Reporting

There is a risk that taxpayers have erroneously classified exempt transactions. Consequently, classification errors for sales tax revenue losses may be undetected and amounts erroneously reported in the Tax Exemption Budget document.

Overview

Explanation of Certain Reporting Disclosures in the Five-Year Revenue Loss Schedule

State Exemptions and Federal Exemptions – There are several statutory tax exemptions that are also prohibited from taxation by the state constitution, federal laws, or existing reciprocal agreements. Because of these additional prohibitions, repeal of the statutory exemption would not yield the fiscal effect indicated. For this reason, these exemptions are separately grouped at the end of each major tax listing.

Explanation of Certain Reporting Disclosures in the Five-Year Revenue Loss Schedule – Sales Tax

Act 1 of the 2018 Third Extraordinary Legislative Session amended R.S. 47:321.1 to reduce the additional state sales tax imposed by Act 26 of the 2016 First Extraordinary Legislative Session from 1% to 0.45%. This reduced the overall state sales tax rate from 5% to 4.45%. Only those exclusions and exemptions listed in Act 1 remained in effect with respect to the impositions in R.S. 47:302, 321, 321.1 and 331. Act 1 also provided that business utilities, which include the sale or use of steam, water, electric power or energy, natural gas, or energy sources as provided in R.S. 47:305(D)(1)(b), (c), (d), (g), and (h), are subject to a 2% state sales tax pursuant to R.S. 47:302. The state sales tax rate of 4.45% was in effect from July 1, 2018, until December 31, 2024.

Act 11 of the 2024 Third Extraordinary Session amended the levies in R.S. 47:321.1 (to 1%) and 331 (to 1%), resulting in an overall state sales tax rate of 5% beginning January 1, 2025. The levy in R.S. 51:1286 was repealed and replaced with an equivalent dedication of the collections received from R.S. 47:331. Act 11 also repealed many of the exclusions and exemptions that had previously been suspended.

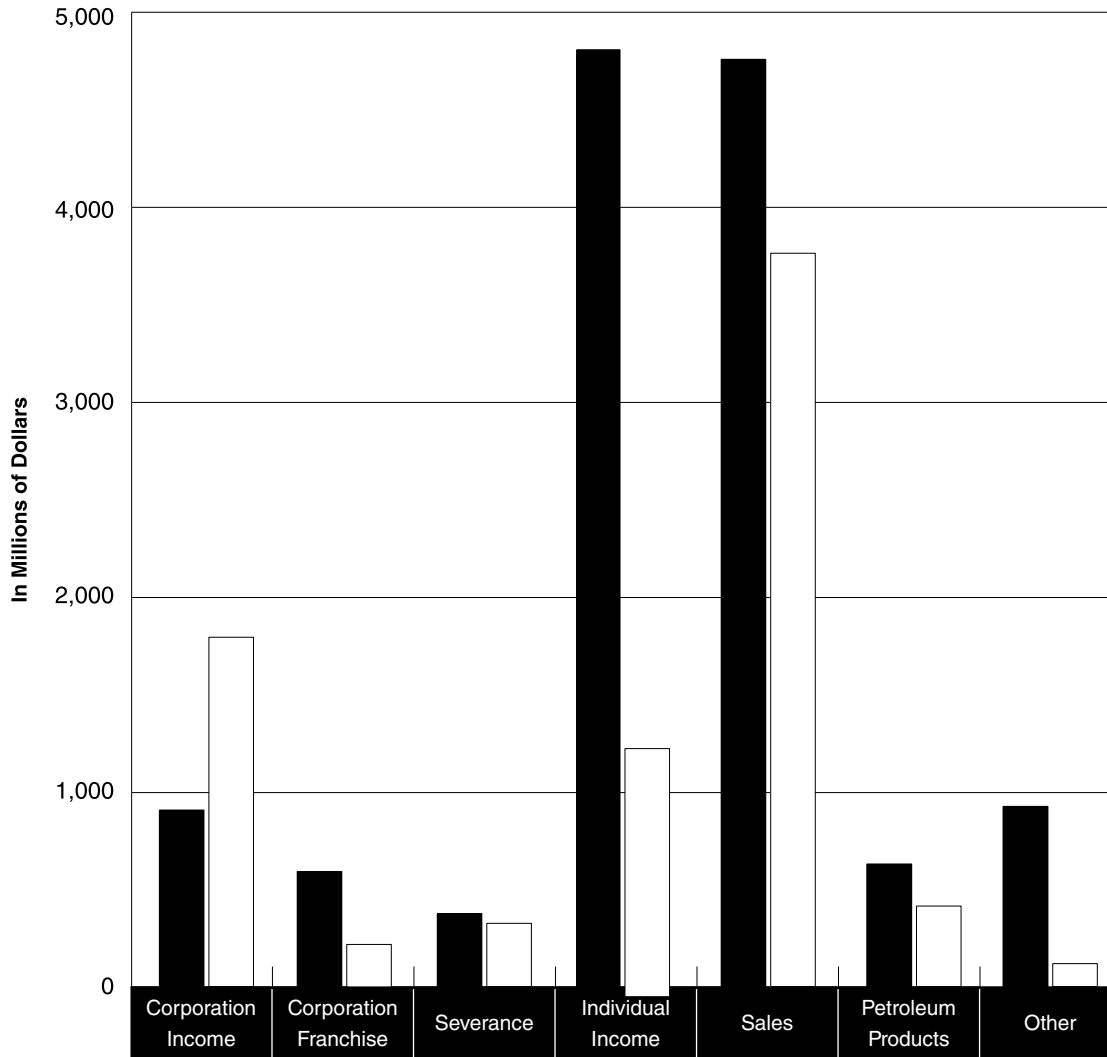
The Louisiana Sales and Use Tax Commission for Remote Sellers serves as the tax collecting entity for state and local taxing jurisdictions collecting sales taxes due from remote sales. State and local sales and use taxes have been collected by this commission since July 1, 2020. State sales tax exemptions and exclusions associated with remote sales transactions are included in the TEB Five-Year Revenue Loss.

Executive Summary

Part 3

Executive Summary

Analysis of Tax Collections vs. Exemptions* In Millions (FY 2024-2025)

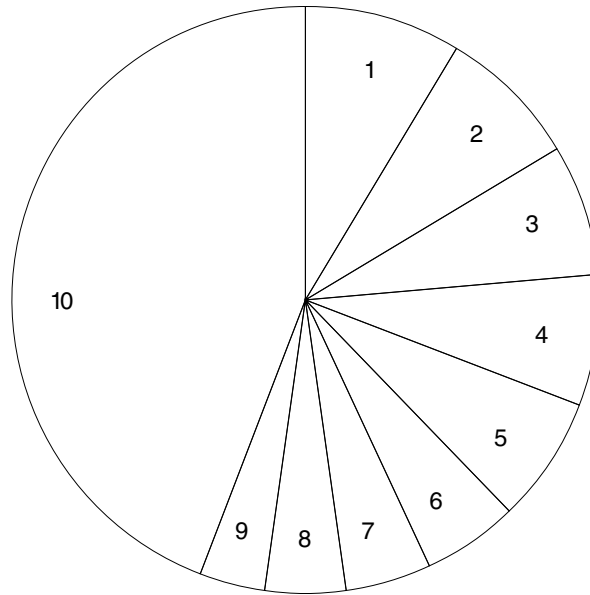


Actual Collections	\$ 858	\$ 565	\$ 350	\$ 4,780	\$ 4,764	\$ 598	\$ 959	\$ 12,874
Estimated Exemptions	\$ 1,760	\$ 169	\$ 327	\$ 1,194	\$ 3,732	\$ 385	\$ 96	\$ 7,663
Total Potential Collections	\$ 2,618	\$ 734	\$ 677	\$ 5,974	\$ 8,496	\$ 983	\$ 1,055	\$ 20,537
Percentage of Estimated Exemptions to Total Potential Collections	67.23%	23.02%	48.30%	19.99%	43.93%	39.17%	9.10%	37.31%

* The revenue losses reported under tax incentive and exemption contracts have been included with their respective taxes of corporation income, sales, corporation franchise, and individual income.

Executive Summary

Top Tax Exemptions 2024-25 All Taxes Administered by the Department of Revenue



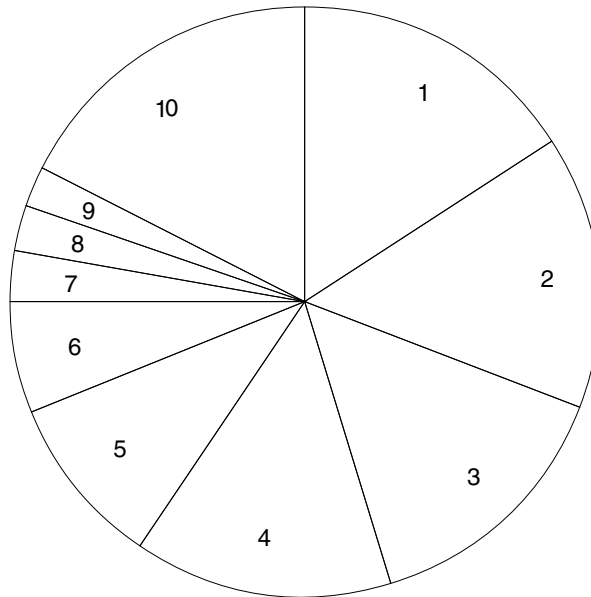
1	Subchapter S Corporation Exclusion (Corporation Income Tax) ¹	\$ 673,493,865	8.79%
2	Sales of Food for Preparation and Consumption in the Home (Sales Tax)	597,035,996	7.79%
3	Purchases by State and Local Governments (Sales Tax)	559,677,025	7.30%
4	Drugs Prescribed by Physicians or Dentists (Sales Tax)	534,151,983	6.97%
5	Sales of Gasoline, Gasohol, and Diesel (Sales Tax)	533,500,563	6.96%
6	Inventory Tax/Ad Valorem Tax (Individual, Corporation, and Fiduciary Income, Corporation Franchise Taxes)	422,475,283	5.51%
7	Sales of Electric Power or Energy, Natural Gas, and Energy Sources Used as Boiler Fuel, Except Refinery Gas - Nonresidential (Sales Tax)	347,968,286	4.54%
8	Net Louisiana Operating Loss (Corporation Income Tax)	347,964,811	4.54%
9	Horizontal Wells - Natural Gas Exemptions (Severance Tax)	271,754,073	3.55%
10	All Other Exemptions (All Taxes)	3,374,518,873	44.05%
Total Exemptions		\$7,662,540,758	100.00%

Footnotes for Executive Summary

- The amount reported for this exemption is a preferential tax rate. Shareholders utilizing this exclusion pay the income tax on the individual income tax return

Executive Summary

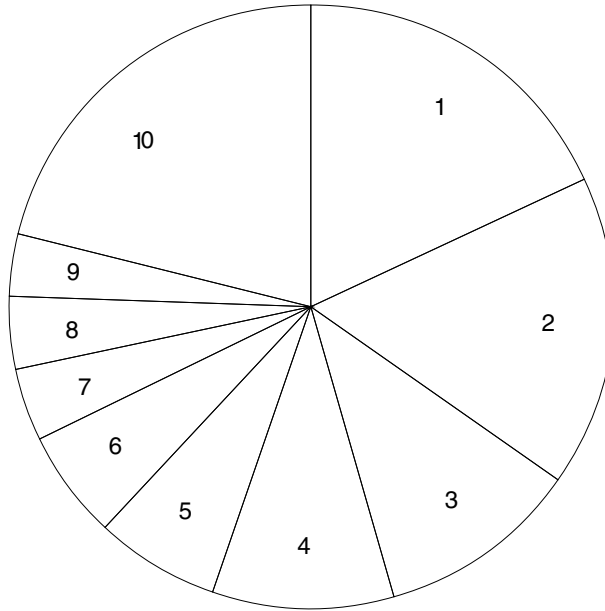
Top Tax Exemptions 2024-25 Sales Tax



1	Sales of Food for Preparation and Consumption in the Home	\$ 597,035,996	16.00%
2	Purchases by State and Local Governments	559,677,025	15.00%
3	Drugs Prescribed by Physicians or Dentists	534,151,983	14.31%
4	Sales of Gasoline, Gasohol, and Diesel	533,500,563	14.30%
5	Sales of Electric Power or Energy, Natural Gas, and Energy Sources Used as Boiler Fuel, Except Refinery Gas - Nonresidential	347,968,286	9.32%
6	Sales of Electric Power or Energy to the Consumer for Residential Use	234,170,385	6.27%
7	Purchases of Automobiles for Lease or Rental	96,166,447	2.58%
8	Procurement Processing Company Rebate Program	94,041,228	2.52%
9	Property Purchased for Exclusive Use Outside the State	86,542,397	2.32%
10	All Other Exemptions	648,574,067	17.38%
Total Sales Tax Exemptions		\$3,731,828,377	100.00%

Executive Summary

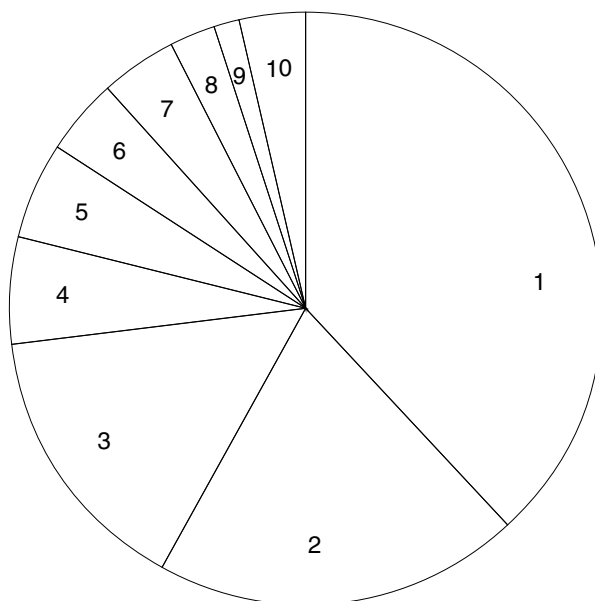
Top Tax Exemptions 2024-25 Individual Income Tax



1	Personal Exemption-Standard Deduction	\$ 217,500,897	18.21%
2	Social Security Benefits Deduction	199,909,377	16.74%
3	State Employees, Teachers, and Other Retirement Benefits Deduction	129,203,503	10.82%
4	Net Income Taxes Paid to Other States Credit	114,925,014	9.62%
5	Earned Income Tax Credit	78,713,535	6.59%
6	Pass -Through Entity Tax Election	70,299,169	5.89%
7	Federal Retirement Benefits Deduction	47,819,039	4.00%
8	Net Capital Gains Deduction	46,779,264	3.92%
9	Annual Retirement Income Exclusion	38,065,994	3.19%
10	All Other Exemptions	250,980,331	21.02%
Total Individual Income Exemptions		\$ 1,194,196,123	100.00%

Executive Summary

Top Tax Exemptions 2024-25 Corporation Income Tax



1	Subchapter S Corporation Exclusion ¹	\$ 673,493,865	38.28%
2	Net Louisiana Operating Loss Deduction	347,964,811	19.78%
3	Inventory Tax/Ad Valorem Tax Credit	265,952,096	15.11%
4	Motion Picture Investor Tax Credit	101,819,468	5.79%
5	Pass-Through Entity Tax Election	95,450,797	5.42%
6	Insurance Company Premium Tax Credit	72,654,023	4.13%
7	Louisiana Quality Jobs Program	72,510,287	4.12%
8	Digital Interactive Media & Software Tax Credit	42,599,358	2.42%
9	Rehabilitation of Historic Structures Credit	28,094,033	1.60%
10	All Other Exemptions	59,058,527	3.35%
Total Corporation Income Exemptions		\$ 1,759,597,265	100.00%

Footnotes for Executive Summary

1. The amount reported for this exemption is a preferential tax rate. Shareholders utilizing this exclusion pay the income tax on the individual income tax return.

Executive Summary

Tax Incentives and Exemption Contracts 2024-2025 By Tax Type

Exemptions ¹	Corporation Income	Fiduciary Income	Individual Income	Sales	Corporation Franchise	Total
Motion Picture Investor Tax Credit	\$101,819,468	\$0	\$209,780	N/A	N/A	\$102,029,248
Research and Development Tax Credit	5,276,388	419,955	8,926,257	N/A	2,355,341	16,977,941
Digital Interactive Media & Software Tax Credit	42,599,358	0	1,089,951	N/A	0	43,689,309
Industrial Tax Equalization Program	1,563,908	0	0	0	1,413,579	2,977,487
Exemptions for Manufacturing Establishments	0	0	0	0	940,279	940,279
Enterprise Zones	17,591,634	108,842	1,503,801	1,341,818	519,318	21,065,413
Sound Recording Investor Tax Credit	60,460	0	0	N/A	N/A	60,460
Angel Investor Tax Credit Program	442,581	74,761	1,787,520	N/A	0	2,304,862
Musical & Theatrical Productions Tax Credit	2,143,446	0	0	N/A	N/A	2,143,446
Retention and Modernization Credit	0	0	0	N/A	5,640,478	5,640,478
Louisiana Quality Jobs Program	72,510,287	0	0	5,512,715	N/A	78,023,002
Procurement Processing Company Rebate Program	N/A	N/A	N/A	94,041,228	N/A	94,041,228
Total Exemptions	\$244,007,530	\$603,558	\$13,517,309	\$100,895,761	\$10,868,995	\$369,893,153

Footnotes for Tax Incentives and Exemption Contracts

1. Programs not included because revenue loss was \$0: Louisiana Capital Companies Tax Credit Program and New Markets Tax Credit.

Five-Year Estimated Revenue Loss

Part 4

Tax Type (Listed in order of magnitude by FYE 6-25)	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)
1. Sales Tax ¹	\$3,229,035,473	\$3,242,369,750	\$3,630,932,616	\$3,804,899,000	\$3,845,071,000
2. Income Tax - Individual, Corporation, Franchise, and Fiduciary ²	\$3,248,230,420	\$2,743,675,067	\$2,863,433,945	\$2,975,617,000	\$2,463,539,000
3. Natural Resources - Severance Tax	\$247,139,419	\$452,894,035	\$327,259,865	\$276,478,000	\$274,906,000
4. Tax Incentive and Exemption Contracts	\$417,098,671	\$355,308,290	\$369,893,153	\$451,848,000	\$445,373,000
5. Petroleum Products Tax	\$251,654,512	\$288,017,657	\$384,690,101	\$287,919,000	\$319,610,000
6. Tobacco Tax	\$92,807,629	\$82,054,718	\$74,854,445	\$74,977,000	\$66,542,000
7. Public Utilities and Carriers Taxes ³	\$9,381,294	\$8,812,053	\$7,948,413	\$10,342,000	\$9,515,000
8. Liquors - Alcoholic Beverage Tax	\$4,402,761	\$4,853,870	\$3,413,282	\$3,843,000	\$3,527,000
9. Telecommunication Tax for the Deaf ³	\$74,874	\$76,464	\$79,630	\$125,000	\$98,000
10. Oil Spill Contingency Fee ³	\$36,099	\$33,126	\$35,308	\$34,000	\$36,000
11. Hazardous Waste Disposal Tax ³	Negligible	Negligible	Negligible	\$11,000	\$10,000
12. Consumable Hemp Products Tax ³	NRR	NRR	NRR	NRR	NRR
Total Tax Revenue Loss	\$7,499,861,152	\$7,178,095,030	\$7,662,540,758	\$7,886,093,000	\$7,428,227,000

Footnotes for Summary of all Taxes

- Due to the potential of taxpayer reporting errors on Form R-1029, *Louisiana Department of Revenue Sales Tax Return*, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.
- The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.
- The revenue loss is included in the Miscellaneous Tax table.

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)	Exemption Classification
Exemptions and Exclusions						
1. Purchases by Pari-Mutuel Horse Racetracks ¹	***	***	Negligible	Negligible	Negligible	Specialty - Specific Taxpayer
2. Purchases by Off-Track Wagering Facilities ¹	***	***	\$0	Negligible	Negligible	Specialty - Specific Taxpayer
3. Purchases by Nonprofit Electric Cooperatives	\$1,093,275	\$1,140,027	\$1,273,572	\$1,208,000	\$1,232,000	Specialty - Group
4. Purchases by a Public Trust ¹	***	***	\$21,684	\$56,000	\$58,000	Specialty - Group
5. Sales by State-Owned Domed Stadiums and Baseball Facilities	\$147,553	\$235,195	\$34,035	\$48,000	\$49,000	Specialty - Group
6. Sales by Certain Publicly-Owned Facilities	\$896,331	\$851,274	\$1,166,007	\$1,264,000	\$1,289,000	Specialty - Group
7. Installation Charges on Tangible Personal Property	\$35,057,713	\$47,537,206	\$52,572,667	\$80,880,000	\$82,498,000	Specialty - Group
8. Installation of Board Roads to Oilfield Operators	\$296,342	\$316,599	\$268,411	***	***	Specialty - Specific Taxpayer
9. Manufacturers Rebates on New Motor Vehicles	\$3,548,602	\$8,756,334	\$13,161,224	\$13,424,000	\$13,693,000	Business Environment - General
10. Room Rentals at Camp and Retreat Facilities	Negligible	\$24,650	Negligible	***	***	Specialty - Group
11. Admissions to Places of Amusement at Camp or Retreat Facilities	\$13,034	\$33,081	Negligible	***	***	Specialty - Group
12. Rentals or Leases of Certain Oilfield Property to be Re-Leased or Re-Rented ¹	\$2,401,687	\$3,699,232	\$3,427,747	\$3,751,000	\$3,826,000	Business Environment - Direct Inputs
13. Leases or Rentals by Short-Term Equipment Rental Dealers for Re-Lease or Re-Rental	\$92,252	\$295,699	\$292,429	\$321,000	\$327,000	Specialty - Group
14. Sales and Rentals to Boys State of Louisiana, Inc. and Girls State of Louisiana, Inc.	Negligible	\$13,183	\$10,375	***	***	Specialty - Group
15. Digital Products Consumed Where the Digital Product Becomes an Ingredient or Component of a New Product or Taxable Service	***	***	\$941,672	\$961,000	Unable to anticipate	Business Environment - Direct Inputs
16. Purchases by a Private Postsecondary Academic Degree-Granting Institution	\$620,913	\$727,558	\$279,699	***	***	Education - Breaks for Institutions
17. Purchases of New or Used School Buses	\$282,457	\$1,151,562	\$391,718	***	***	Specialty - Specific Taxpayer
18. Certain Aircraft Assembled in Louisiana	\$29,330	Negligible	\$14,078	***	***	Specialty - Specific item
19. Admissions Charges to Athletic or Entertainment Events of Colleges and Universities	\$48,554	\$69,337	\$57,323	***	***	Specialty - Group
20. Sales of Platinum, Gold, and Silver Bullion and Numismatic Coins at Certain Trade Shows	\$4,198,897	\$3,940,643	\$4,916,881	\$5,341,000	\$5,448,000	Specialty - Specific item
21. Certain Geophysical Survey Information and Data Analyses	\$19,565	Negligible	Negligible	***	***	Specialty - Specific item
22. Work Products of Certain Professionals	\$829,414	\$891,507	\$947,710	\$1,043,000	\$1,063,000	Normal Tax - General

Due to the potential of taxpayer reporting errors on Form R-1029, *Louisiana Department of Revenue Sales Tax Return*, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

Footnotes for Sales Tax
1. Pertinent transactions are fully exempt effective January 1, 2025.

[18]

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)	Exemption Classification
Exemptions and Exclusions ...Continued						
23. Other Constructions Permanently Attached to the Ground	\$33,510,404	\$36,812,499	\$35,637,289	\$38,747,000	\$39,522,000	Normal Tax - General
24. Miscellaneous Telecommunication Services	No data	No data	No data	No data	No data	Specialty - Specific item
25. Isolated or Occasional Sales of Tangible Personal Property	\$5,065,156	\$3,090,931	\$2,547,983	\$2,765,000	\$2,820,000	Normal Tax - General
26. Articles Traded in on Tangible Personal Property	\$841,784	\$670,642	\$619,488	\$674,000	\$687,000	Normal Tax - General
27. Steam Used in Processing of Raw Agricultural Product ¹	Negligible	Negligible	\$0	***	***	Agricultural/Rural
28. Sale and Purchase of Electricity for Use in Production Activity of Stripper Wells	Negligible	\$0	\$0	***	***	Business Environment - Utility
29. Sales of Steam - Nonresidential	See number 31	See number 31	See number 31	See number 31	See number 31	Business Environment - Utility
30. Sales of Electric Power or Energy, Natural Gas, and Energy Sources Used as Boiler Fuel, Except Refinery Gas - Nonresidential	\$258,628,607	\$159,271,716	\$347,968,286	\$226,355,000	\$230,882,000	Business Environment - Utility
31. Sales of Water - Nonresidential	\$10,347,802	\$6,405,402	\$12,743,011	\$8,318,000	\$8,485,000	Business Environment - Utility
32. Tangible Personal Property Sold or Donated to Food Banks	\$11,973	Negligible	\$13,141	\$15,000	\$15,000	Specialty - Specific Taxpayer
33. Sales of Food Items by Youth Organizations	\$84,924	Negligible	Negligible	Negligible	Negligible	Specialty - Group
34. Trucks, Automobiles, and New Aircraft Removed from Inventory for Use as Demonstrators	Negligible	\$103,310	Negligible	Negligible	Negligible	Specialty - Specific item
35. Boats, Vessels, and Other Water Craft as Demonstrators	Negligible	Negligible	Negligible	***	***	Specialty - Specific item
36. Sales of Food by Certain Institutions	\$527,554	\$925,928	\$572,896	\$612,000	\$624,000	Specialty - Group
37. Room Rentals at Certain Homeless Shelters	Negligible	\$22,820	Negligible	Negligible	Negligible	Specialty - Group
38. Membership Fees or Dues of Nonprofit or Civic Organizations	\$87,245	\$103,006	\$100,876	\$110,000	\$113,000	Specialty - Group
39. Surface Preparation, Coating, and Painting of Certain Aircraft	\$535,041	\$466,901	\$228,592	\$262,000	\$267,000	Specialty - Specific item
40. Repair Services Performed in Louisiana When the Repaired Property is Exported	\$3,495,737	\$4,495,018	\$3,175,024	\$3,639,000	\$3,712,000	Normal Tax - General
41. Property Purchased for Exclusive Use Outside the State	\$56,889,838	\$62,651,567	\$86,542,397	\$112,477,000	\$114,726,000	Normal Tax Structure - Interstate Commerce
42. Repairs, Renovations, or Conversions of Drilling Rigs	\$13,996,682	\$18,544,665	\$21,275,006	\$23,214,000	\$23,678,000	Specialty - Specific item
43. Advertising Services	\$1,793,370	\$1,712,334	\$6,194,131	\$5,793,000	\$5,909,000	Normal Tax - General
44. Used Manufactured Homes and 54 Percent of Cost of New Manufactured Homes	\$20,511,418	\$20,150,831	\$22,637,621	\$23,090,000	\$23,552,000	Specialty - Specific item
45. Purchases or Leases of Motor Vehicles for Re-Lease or Re-Rent by Qualified Lessors	***	***	Negligible	\$34,000	\$35,000	Normal Tax Structure - Interstate Commerce

Due to the potential of taxpayer reporting errors on Form R-1029, *Louisiana Department of Revenue Sales Tax Return*, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

Footnotes for Sales Tax
1. Pertinent transactions are subject to 2% effective January 1, 2025.

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)	Exemption Classification
Exemptions and Exclusions ...Continued						
46. Purchases of Tangible Personal Property for Lease or Rental	\$39,142,188	\$19,060,630	\$22,820,074	\$24,879,000	\$25,377,000	Normal Tax - General
47. Purchases of Automobiles for Lease or Rental	\$68,117,709	\$91,313,276	\$96,166,447	\$98,090,000	\$100,052,000	Business Environment - General
48. Vehicle Rentals for Re-Rent to Warranty Customers	Negligible	\$1,896,349	\$48,309	\$55,000	\$56,000	Specialty - Group
49. Sales of 50-Ton Vessels and New Component Parts and Sales of Certain Materials, Software, and Services to Vessels Operating in Interstate Commerce (updated effective July 1, 2025)	\$13,561,662	\$12,017,598	\$13,745,456	\$14,939,000	\$15,238,000	Specialty - Group
50. Ostomy, Colostomy, Ileostomy, and Other Appliance Devices	\$148,251	\$141,560	\$229,376	\$135,000	\$138,000	MISC - Healthcare/Medical
51. Medical Devices Used by Patients Under the Supervision of a Physician	\$45,528,468	\$51,375,846	\$48,046,864	\$52,394,000	\$53,442,000	MISC - Healthcare/Medical
52. Adaptive Driving Equipment and Motor Vehicle Modification	Negligible	Negligible	\$11,366	\$12,000	\$12,000	Specialty - Specific Taxpayer
53. Sales of Insulin Without a Prescription ¹	***	***	Negligible	Negligible	Negligible	MISC - Healthcare/Medical
54. Purchases, Leases, and Sales of Services by Free Hospitals	\$1,857,551	\$2,654,049	\$3,057,862	\$3,384,000	\$3,452,000	MISC - Healthcare/Medical
55. Sales of Marijuana for Therapeutic Use	\$1,375,259	\$2,561,790	\$4,936,984	\$6,568,000	\$6,699,000	Specialty - Specific item
56. Materials Used Directly in the Collection of Blood	\$20,479	\$10,442	\$14,126	\$21,000	\$22,000	MISC - Healthcare/Medical
57. Apheresis Kits and Leuko Reduction Filters	\$0	Negligible	\$0	***	***	MISC - Healthcare/Medical
58. Orthotic and Prosthetic Devices	\$7,723,456	\$8,108,904	\$13,732,043	\$14,953,000	\$15,252,000	MISC - Healthcare/Medical
59. Restorative Materials Used by Dentists	\$662,918	\$653,672	\$719,957	\$792,000	\$808,000	MISC - Healthcare/Medical
60. Kidney Dialysis Machines, Parts, and Supplies for Home Use when Prescribed by a Physician	Negligible	\$182,334	\$647,008	\$499,000	\$509,000	MISC - Healthcare/Medical
61. Pharmaceutical Samples Distributed in Louisiana	\$575,135	\$632,095	\$585,301	\$638,000	\$651,000	Specialty - Specific item
62. Sales of Human-Tissue Transplants	\$2,883,612	\$3,600,053	\$3,285,109	\$3,640,000	\$3,712,000	Specialty - Specific item
63. Sales of Raw Agricultural Commodities	\$7,852,868	\$7,488,414	\$5,640,966	\$6,170,000	\$6,293,000	Agricultural/Rural
64. Sales of Agriculture Fencing Materials to Commercial Farmers ¹	***	\$60,225	\$98,204	\$120,000	\$123,000	Agricultural/Rural
65. Sales of Seeds for Planting Crops	\$28,063,523	\$21,049,545	\$20,218,167	\$21,282,000	\$21,708,000	Agricultural/Rural
66. Pharmaceuticals Administered to Livestock for Agricultural Purposes	\$152,759	\$174,832	\$204,095	\$221,000	\$225,000	Agricultural/Rural
67. Sales of Certain Fuels Used for Farm Purposes	\$3,609,220	\$3,135,159	\$2,955,294	\$3,256,000	\$3,321,000	Agricultural/Rural
68. First \$150,000 of the Sales Price of Certain Farm Equipment and Attachments (\$50,000 prior to January 1, 2025)	\$9,520,238	\$6,685,745	\$5,823,516	\$6,156,000	\$6,279,000	Agricultural/Rural
69. Sales of Polyroll Tubing	\$253,741	\$173,569	\$95,171	\$109,000	\$111,000	Agricultural/Rural
70. Sales of Farm Products Direct from the Farm	\$5,774,845	\$12,567,028	\$8,177,508	\$8,734,000	\$8,908,000	Agricultural/Rural

Due to the potential of taxpayer reporting errors on Form R-1029, *Louisiana Department of Revenue Sales Tax Return*, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

Footnotes for Sales Tax
1. Pertinent transactions are subject to 2% effective January 1, 2025.

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Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)	Exemption Classification
Exemptions and Exclusions ...Continued						
71. Livestock Sold at Market and Racehorses Claimed in Louisiana	\$1,596,991	\$2,005,496	\$1,584,991	\$1,774,000	\$1,810,000	Agricultural/Rural
72. Feed and Feed Additives for Animals Held for Business Purposes	\$1,360,546	\$1,730,253	\$1,132,667	\$1,248,000	\$1,273,000	Agricultural/Rural
73. Materials Used in the Production or Harvesting of Crawfish	\$227,078	\$165,422	\$296,759	\$318,000	\$325,000	Agricultural/Rural
74. Bait and Feed Used in the Production or Harvesting of Crawfish	\$829,373	\$484,411	\$762,760	\$813,000	\$829,000	Agricultural/Rural
75. Materials Used in the Production or Harvesting of Catfish	\$62,449	\$46,694	\$46,766	\$52,000	\$53,000	Agricultural/Rural
76. Farm Products Produced and Used by the Farmer	\$15,299,251	\$12,996,844	\$14,945,980	\$15,762,000	\$16,077,000	Agricultural/Rural
77. Sales of Utilities to Commercial Farmers for On-Farm Storage	Negligible	Negligible	\$26,364	\$28,000	\$28,000	Agricultural/Rural
78. Sales of Pesticides for Agricultural Purposes	\$2,855,033	\$2,343,481	\$882,546	\$1,011,000	\$1,032,000	Agricultural/Rural
79. Certain Purchases by Student Farmers	Negligible	\$19,232	Negligible	Negligible	Negligible	Agricultural/Rural
80. Sales of Fertilizers and Containers to Farmers	See number 65	See number 65	See number 65	See number 65	See number 65	Agricultural/Rural
81. Natural Gas Used in the Production of Iron ¹	See number 30	See number 30	See number 30	Unable to anticipate	Unable to anticipate	Business Environment - Utility
82. Purchases of Manufacturing Machinery and Equipment	\$21,810,593	\$17,015,324	\$84,165,174	\$92,838,000	\$94,695,000	Business Environment - MME
83. Purchases of Machinery and Equipment by Certain Utilities ²	\$3,872,545	\$753,288	See number 82	See number 82	See number 82	Business Environment - MME
84. Electricity for Chlor-Alkali Manufacturing Process	\$20,506,576	\$12,729,701	\$15,984,951	\$17,314,000	\$17,660,000	Business Environment - Utility
85. Purchases of Consumables by Paper and Wood Manufacturers and Loggers	\$51,796,073	\$11,917,873	\$10,697,739	\$11,560,000	\$11,792,000	Business Environment - Direct Inputs
86. Sales of Admission Tickets by Little Theater Organizations	\$27,210	\$30,211	\$54,724	***	***	Specialty - Group
87. Certain Educational Materials and Equipment Used for Classroom Instruction	\$580,858	\$1,372,750	\$878,686	\$967,000	\$986,000	Education - Breaks for Institutions
88. Purchases of Food Items for School Lunch or Breakfast Programs by Nonpublic Elementary or Secondary Schools	See number 36	See number 36	See number 36	See number 36	See number 36	Education - Breaks for Institutions
89. Donations to Certain Schools	\$501,057	\$974,351	\$689,679	\$756,000	\$771,000	Education - Breaks for Institutions
90. Admissions Charges to Athletic or Entertainment Events of Elementary and Secondary Schools	\$410,677	\$700,022	\$285,751	\$295,000	\$301,000	Specialty - Group
91. Purchases by Regionally Accredited Independent Educational Institutions or by the Edward Via College of Osteopathic Medicine (updated effective July 1, 2025)	\$906,987	\$1,067,027	\$1,043,221	\$1,166,000	\$1,189,000	Education - Breaks for Institutions

Due to the potential of taxpayer reporting errors on Form R-1029, *Louisiana Department of Revenue Sales Tax Return*, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

Footnotes for Sales Tax
1. Pertinent transactions were subject to 2% out of 4.45% state sales tax rate until December 31, 2024. Beginning January 1, 2025, pertinent transactions are fully exempt from the 5% state sales tax rate. The revenue losses for return periods prior to January 1, 2025, are included in number 30 in this Section.
2. The revenue losses for return periods before January 1, 2025, are included in manufacturing machinery and equipment. See number 82 in this Section.

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)	Exemption Classification
Exemptions and Exclusions ...Continued						
92. Purchases by State and Local Governments ¹	\$443,716,306	\$506,014,090	\$559,677,025	\$610,202,000	\$622,407,000	Normal Tax - Intergovernment
93. Purchases Made by General Contractors/Subcontractors for Work Performed Under Construction Contracts for Public Projects	***	***	\$0	\$841,000	\$858,000	Normal Tax - Intergovernment
94. Purchases, Services, and Rentals by a Private Company Working for Local Authority on Construction or Operation of Sewerage or Wastewater Treatment Facilities ²	***	***	Negligible	\$20,000	\$20,000	Normal Tax - Intergovernment
95. Sales of Tangible Personal Property by the Louisiana Military Department	Negligible	Negligible	Negligible	\$12,000	\$12,000	Retirement, Disability, and Military
96. Sales by Thrift Shops on Military Installations	See number 95	See number 95	See number 95	See number 95	See number 95	Retirement, Disability, and Military
97. Certain Transactions Involving the Construction or Overhaul of U.S. Navy Vessels	\$3,382,971	\$3,606,451	\$4,919,831	\$5,383,000	\$5,491,000	Normal Tax - Federal Mandatory
98. Sale to the United States Government and its Agencies	See number 92	See number 92	See number 92	See number 92	See number 92	Normal Tax - Federal Mandatory
99. Purchases of Equipment by Bona Fide Volunteer and Public Fire Departments	\$108,247	\$377,670	\$1,150,810	\$1,966,000	\$2,005,000	Specialty - Specific Taxpayer
100. Tickets to Musical Performances by Nonprofit Musical Organizations	\$12,484	Negligible	Negligible	***	***	Specialty - Group
101. Rentals of Motion Picture Film to Commercial Theaters ²	***	***	\$0	Negligible	Negligible	Specialty - Specific Item
102. Additional Tax Levy on Contracts Entered into Prior to and Within 90 Days of Tax Levy ³	\$0	\$0	\$44,327	\$893,000	\$911,000	Specialty - Specific Taxpayer
103. Purchase of Software and Digital Products for a Business, Banking, or Healthcare Use ²	***	***	\$149,700	\$6,124,000	\$6,246,000	Specialty - Specific Taxpayer
104. Admissions to Entertainment by Domestic Nonprofit Charitable, Educational, and Religious Organizations	\$99,035	\$89,361	\$67,167	***	***	Specialty - Group
105. Purchases of Certain Bibles, Songbooks, or Literature by Certain Religious Institutions for Instructional Classes ⁴	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited	Specialty - Group
106. Sales of Tangible Personal Property at or Admissions to Events Sponsored by Certain Nonprofit Groups	\$2,232,766	\$3,061,380	\$2,691,400	\$2,752,000	\$2,807,000	Specialty - Group
107. Sales or Purchases by Blind Persons Operating Small Businesses	See number 108	See number 108	See number 108	See number 108	See number 108	Specialty - Specific Taxpayer
108. Purchases by Certain Organizations that Promote Training for the Blind	\$0	Negligible	\$16,044	\$17,000	\$17,000	Specialty - Specific Taxpayer

Due to the potential of taxpayer reporting errors on Form R-1029, *Louisiana Department of Revenue Sales Tax Return*, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

Footnotes for Sales Tax
1. The total revenue loss includes purchases by state and local governments, as well as sales to the U.S. government. See number 98 in this Section.
2. Pertinent transactions are fully exempt from 5% state sales tax effective January 1, 2025.
3. The revenue loss refers to the decline in revenue from the sale of materials and services that were subject to a 4.45% state sales tax before January 1, 2025. This calculation does not include the revenue loss from transportation charges, which were exempt from state sales tax prior to that date.
4. See Revenue Information Bulletin No. 06-022 issued May 5, 2006.

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)	Exemption Classification
Exemptions and Exclusions ...Continued						
109. Cable Television Installation and Repair Services	\$172,986	\$258,148	\$250,908	***	***	Specialty - Specific Taxpayer
110. Purchases by Nonprofit Entities that Sell Donated Goods	\$3,757,193	\$7,199,912	\$5,018,249	\$5,396,000	\$5,504,000	Specialty - Group
111. Receipts from Coin-Operated Washing and Drying Machines in Commercial Laundromats	\$733,369	\$805,005	\$852,753	\$921,000	\$940,000	Specialty - Specific item
112. Outside Gate Admissions and Parking Fees at Fairs, Festivals, and Expositions Sponsored by Nonprofit Organizations	Negligible	Negligible	Negligible	***	***	Specialty - Group
113. Lease or Rental of Certain Vessels in Mineral Production	\$2,297,094	\$2,220,357	\$2,261,163	\$2,476,000	\$2,525,000	Business Environment - MME
114. Purchases of Supplies, Fuels, and Repair Services for Boats Used by Commercial Fishermen	\$675,762	\$468,485	\$540,403	\$551,000	\$562,000	Agricultural/Rural
115. Sickle Cell Disease Organizations ¹	***	***	\$0	Negligible	Negligible	Specialty - Group
116. Sales of Construction Materials to Habitat for Humanity Affiliates located in Louisiana (effective January 1, 2025) ¹	***	***	\$0	Negligible	Negligible	Specialty - Specific item
117. \$20,000 State and Local Sales Tax Cap on Boats Registered in Louisiana (state loss only)	***	***	\$0	\$24,000	\$24,000	Specialty - Group
118. Purchases by Certain Child Advocacy Centers	***	***	\$0	Negligible	Negligible	Specialty - Group
119. Sale of Certain Antique Motor Vehicles	No data	No data	No data	No data	No data	Specialty - Specific item
120. Qualifying Events Providing Louisiana Heritage, Culture, Crafts, Art, Food and Music Sponsored by a Domestic Nonprofit Organization	\$0	\$0	Negligible	Negligible	Negligible	Specialty - Group
121. Sales or Purchases by Certain Sheltered Workshops or Supported Employment Providers	\$38,344	\$77,139	\$52,514	\$57,000	\$58,000	Specialty - Specific Taxpayer
122. Piggy-Back Trailers or Containers and Rolling Stock	See number 124	See number 124	See number 124	See number 124	See number 124	Specialty - Specific item
123. Certain Trucks and Trailers Used 80 Percent in Interstate Commerce	\$26,072,499	\$37,928,200	\$31,273,809	\$31,899,000	\$32,537,000	Business Environment- General
124. Rail Rolling Stock Sold or Leased in Louisiana	\$27,601	\$10,018	Negligible	Negligible	Negligible	Business Environment- General
125. Rail Rolling Stock Repaired or Fabricated in Louisiana	\$380,875	\$1,018,042	\$2,366,059	\$2,512,000	\$2,562,000	Specialty - Specific item
126. Sales of Railroad Ties to Railroads for Use in Other States	\$0	\$0	\$0	Negligible	Negligible	Specialty - Specific item
127. Utilities Used by Steelworks and Blast Furnaces ¹	See number 30	See number 30	See number 30	See number 30	See number 30	Business Environment - Utility
128. Sales of Construction Materials to Habitat for Humanity, Fuller Center for Housing, and Make it Right Foundation	Negligible	Negligible	Negligible	***	***	Specialty - Specific Taxpayer
129. Sales of Construction Materials to Animal Shelters for Construction of New Animal Shelters in Louisiana	Negligible	Negligible	\$0	***	***	Specialty - Specific Taxpayer
130. Second Amendment Sales Tax Holiday	***	\$389,481	\$765,398	\$860,000	\$877,000	Specialty - Holidays

Due to the potential of taxpayer reporting errors on Form R-1029, *Louisiana Department of Revenue Sales Tax Return*, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

Footnotes for Sales Tax
1. Pertinent transactions are fully exempt from 5% state sales tax effective January 1, 2025.

[23]

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)	Exemption Classification
Exemptions and Exclusions ...Continued						
131. Purchase, Lease or Repair of Certain Capital Equipment, and Computer Software by Qualifying Radiation Therapy Treatment Centers	Negligible	\$71,703	Negligible	Negligible	Negligible	Specialty - Specific Taxpayer
132. Parish Councils on Aging	\$63,782	\$49,107	\$28,299	\$31,000	\$32,000	Specialty - Specific Taxpayer
133. Purchases of Breastfeeding Items ¹	***	***	\$0	Negligible	Negligible	Specialty - Specific item
134. Donation of Toys	Negligible	Negligible	Negligible	\$57,000	Negligible	Specialty - Group
135. Hurricane Laura, Hurricane Delta and COVID-19 Pandemic Sales Tax Holiday	Negligible	***	\$0	***	***	Specialty - Holidays
136. Purchases of Feminine Hygiene Products, Diapers, or Both for Individual Personal Use	\$981,269	\$1,481,257	\$1,119,532	\$1,235,000	\$1,260,000	Specialty - Specific item
137. Helicopters Leased for Use in the Extraction, Production, or Exploration for Oil, Gas, or Other Minerals	\$0	\$0	\$0	\$0	\$0	Alt Report
138. Cash-Basis Sales Tax Reporting and Remitting for Health and Fitness Club Membership Contracts	\$0	\$0	\$0	\$0	\$0	Alt Report
139. Cash-Basis Reporting Procedure for Rental and Lease Transactions	\$0	\$0	\$0	\$0	\$0	Alt Report
140. Collection from Interstate and Foreign Transportation Dealers	\$0	\$0	\$0	\$0	\$0	Alt Report
141. Extended Time to Register Mobile Homes	\$0	\$0	\$0	\$0	\$0	Alt Report
142. "Sales or Cost Price" of Refinery Gas	\$0	\$0	\$0	\$0	\$0	Alt Report
143. Leases or Rentals of Railroad Rolling Stock and Leases or Rentals by Railway Companies and Railroad Corporations	\$0	\$0	\$0	\$0	\$0	Alt Report
Credits						
144. Vendor's Compensation	\$29,280,276	\$28,266,022	\$39,615,871	\$40,408,000	\$41,216,000	Dealers and Vendors Comp
Refunds						
145. Sales Tax Remitted on Bad Debts from Credit Sales	\$1,437,352	\$40,900	\$661,708	Unable to anticipate	Unable to anticipate	Normal Tax - General
146. State Sales Tax Paid on Property Destroyed in a Natural Disaster	Negligible	Negligible	\$0	***	***	MISC - Natural Disasters
147. Sales, Leases, or Rentals of Durable Medical Equipment Paid by or Under Provisions of Medicare	\$0	\$0	\$0	Unable to anticipate	Unable to anticipate	Normal Tax - Federal Mandatory
148. Louisiana Tax Free Shopping Program	\$238,100	\$283,712	\$67,136	***	***	Specialty - Group
Rebates						
149. Motor Vehicles Used by Those with Orthopedic Disabilities	\$44,025	\$13,538	Negligible	\$10,000	\$11,000	Specialty - Specific Taxpayer

Due to the potential of taxpayer reporting errors on Form R-1029, *Louisiana Department of Revenue Sales Tax Return*, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

Footnotes for Sales Tax
1. Pertinent transactions are fully exempt from 5% state sales tax effective January 1, 2025.

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)	Exemption Classification
Rebates ...Continued						
150. Fiber-Optic Cable Equipment Rebate and Data Center Equipment Rebate/Exemption	\$0	\$0	\$35,156	Unable to anticipate	Unable to anticipate	Specialty - Specific Taxpayer
Total State Sales Tax Loss	\$1,331,122,969	\$1,290,736,130	\$1,658,396,196	\$1,681,998,000	\$1,714,601,000	
State Exemptions with Prohibitions on Taxation						
151. Credit for Sales and Use Taxes Paid to Other States on Property Imported into Louisiana	No data	No data	No data	No data	No data	Normal Tax - Federal Mandatory
152. Credit for Use Tax Paid on Automobiles Imported by Certain Members of the Armed Services	No data	No data	No data	No data	No data	Normal Tax - Federal Mandatory
153. Use of Vehicles in Louisiana by Active Military Personnel	No data	No data	No data	No data	No data	Normal Tax - Federal Mandatory
154. Purchases Made with Food Stamps and WIC Vouchers	\$104,023,481	\$67,918,158	\$73,279,882	\$74,745,000	\$76,240,000	Normal Tax - Federal Mandatory
155. Sales of Water to the Consumer for Residential Use	See number 156	See number 156	See number 156	See number 156	See number 156	Louisiana Constitutional Mandates
156. Sales of Electric Power or Energy to the Consumer for Residential Use	\$251,335,231	\$216,295,231	\$234,170,385	\$252,776,000	\$257,831,000	Louisiana Constitutional Mandates
157. Sales of Natural Gas to the Consumer for Residential Use	See number 156	See number 156	See number 156	See number 156	See number 156	Louisiana Constitutional Mandates
158. Drugs Prescribed by Physicians or Dentists	\$405,793,229	\$608,127,143	\$534,151,983	\$575,245,000	\$586,750,000	Louisiana Constitutional Mandates
159. Sales of Food for Preparation and Consumption in the Home	\$584,488,663	\$577,300,152	\$597,035,996	\$644,045,000	\$656,926,000	Louisiana Constitutional Mandates
160. Purchases of Butane, Propane, and Liquefied Petroleum Gas by Residential Consumers	See number 156	See number 156	See number 156	See number 156	See number 156	Louisiana Constitutional Mandates
161. Purchases of Certain Fuels for Private Residential Consumption	\$497,656	\$163,056	\$397,611	\$428,000	\$437,000	Louisiana Constitutional Mandates
162. Sales of Gasoline, Gasohol, and Diesel	\$551,774,244	\$481,829,880	\$533,500,563	\$575,662,000	\$552,286,000	Louisiana Constitutional Mandates
Total Revenue Loss from Exemptions with Prohibitions on Taxation	\$1,897,912,504	\$1,951,633,620	\$1,972,536,420	\$2,122,901,000	\$2,130,470,000	
Total Sales Tax Revenue Loss	\$3,229,035,473	\$3,242,369,750	\$3,630,932,616	\$3,804,899,000	\$3,845,071,000	

Due to the potential of taxpayer reporting errors on Form R-1029, *Louisiana Department of Revenue Sales Tax Return*, there is a risk of classification errors for sales tax revenue losses reported in the Tax Exemption Budget document.

Five-Year Revenue Loss **Income & Franchise Tax** - Corporation Income, Corporation Franchise, Individual and Fiduciary

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 ¹ (projected)	FYE 6-27 ^{1,2} (projected)	Exemption Classification
Exemptions and Exclusions						
1. CREDIT UNIONS						
Corporation Income Tax	NRR	NRR	NRR	NRR	NRR	Business Environment - General
Corporation Franchise Tax	NRR	NRR	NRR	NRR	NRR	
2. CERTAIN FOREIGN CORPORATIONS						
Corporation Income Tax	NRR	NRR	NRR	NRR	NRR	Business Environment - General
Corporation Franchise Tax	NRR	NRR	NRR	NRR	NRR	
3. ELECTRIC COOPERATIVES						
Corporation Income Tax	NRR	NRR	NRR	NRR	NRR	Business Environment - General
Corporation Franchise Tax	NRR	NRR	NRR	NRR	NRR	
4. STATE BANKING CORPORATIONS AND SHAREHOLDERS						
Corporation Income Tax	NRR	NRR	NRR	NRR	NRR	Business Environment - General
5. ANNUAL RETIREMENT INCOME						
Individual Income Tax	\$35,111,441	\$35,460,518	\$38,065,994	\$45,679,000	\$46,593,000	Retirement, Disability, and Military
6. DISABILITY INCOME³						
Individual Income Tax	\$750,191	\$327,645	\$293,750	\$288,000	\$282,000	Retirement, Disability, and Military
7. STATE EMPLOYEES, TEACHERS, AND OTHER RETIREMENT BENEFITS						
Individual Income Tax	\$122,246,591	\$126,282,100	\$129,203,503	\$131,788,000	\$134,424,000	Retirement, Disability, and Military
8. FEDERAL RETIREMENT BENEFITS						
Individual Income Tax	\$39,646,298	\$43,548,747	\$47,819,039	\$49,254,000	\$51,739,000	Retirement, Disability, and Military
9. SOCIAL SECURITY BENEFITS						
Individual Income Tax	\$158,869,675	\$176,810,619	\$199,909,377	\$205,907,000	\$210,025,000	Retirement, Disability, and Military
10. INTEREST ON STATE OR LOCAL GOVERNMENT OBLIGATIONS						
Corporation Income Tax	NRR	NRR	NRR	NRR	NRR	Normal Tax Structure - Intergovernment
Fiduciary Income Tax	NRR	NRR	NRR	NRR	NRR	
Individual Income Tax	NRR	NRR	NRR	NRR	NRR	
11. GOVERNMENTAL SUBSIDIES FOR OPERATING PUBLIC TRANSPORTATION SYSTEMS						
Corporation Income Tax	\$0	\$0	\$0	\$0	\$0	MISC - Specialty - Community Development

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Footnotes for Income & Franchise Tax	
1.	The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.
2.	The revenue loss for FYE 6-27 reflects the repeal of franchise tax according to Acts 2024, 3rd Ex. Sess., No. 6.
3.	This includes the revenue loss and projected loss for disability income exclusion, deduction for military family assistance fund, deduction for adaptive home improvements for disabled individuals, and exemption for mobile workforce.

Five-Year Revenue Loss **Income & Franchise Tax** - Corporation Income, Corporation Franchise, Individual and Fiduciary

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 ¹ (projected)	FYE 6-27 ¹ (projected)	Exemption Classification
Exemptions and Exclusions ...Continued						
12. COMPENSATION FOR DISASTER SERVICES						
Corporation Income Tax	No data	No data	No data	No data	No data	MISC - Natural Disasters
Fiduciary Income Tax	\$0	\$0	\$0	Unable to anticipate	Unable to anticipate	
Individual Income Tax	\$0	\$0	\$0	Unable to anticipate	Unable to anticipate	
13. CERTAIN EXEMPT ENTITIES						
Corporation Income Tax	NRR	NRR	NRR	NRR	NRR	Business Environment - General
14. MOBILE WORKFORCE						
Individual Income Tax	See number 6	See number 6	See number 6	See number 6	See number 6	Normal Tax Structure - General
15. DIVIDENDS FROM NATIONAL BANKING CORPORATIONS AND STATE BANKING CORPORATIONS						
Corporation Income Tax	NRR	NRR	NRR	NRR	NRR	Business Environment - General
16. SUBCHAPTER S CORPORATION						
Corporation Income Tax	\$824,249,891	\$726,379,984	\$673,493,865	\$660,024,000	\$382,814,000	Normal Tax Structure- Double Taxation
17. COVID-19 RELIEF BENEFITS						
Corporation Income Tax	No data	No data	No data	No data	No data	MISC - Total Specialty - Community Development
Individual Income Tax	\$3,118,448	\$3,372,830	\$1,908,877	\$273,000	\$41,000	
18. DIGITAL NOMAD						
Individual Income Tax	Negligible	\$11,888	Negligible	\$10,000	Negligible	MISC - Specialty - Performance of Specific Activity
19. MILITARY PAY						
Individual Income Tax	\$7,715,798	\$8,370,468	\$9,017,411	\$9,288,000	\$9,474,000	Retirement, Disability, and Military
20. PASS-THROUGH ENTITY TAX ELECTION						
Fiduciary Income Tax	***	\$156,736	\$1,161,143	\$1,184,000	\$1,208,000	Normal Tax Structure - Double Taxation
Individual Income Tax	\$19,762,938	\$34,111,212	\$70,299,169	\$71,705,000	\$73,139,000	
21. S BANK INCOME						
Individual Income Tax	\$5,167,921	\$7,366,430	\$6,488,104	\$6,358,000	\$6,231,000	Normal Tax Structure - General
Fiduciary Income Tax	\$809,998	\$483,585	\$379,373	\$372,000	\$365,000	
22. RESIDENT ESTATES AND TRUSTS EXEMPTION						
Fiduciary Income Tax	\$730,601	\$612,492	\$610,045	\$600,000	\$570,000	MISC - Personal Income Tax Formula

Footnotes for Income & Franchise Tax

1. The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

Five-Year Revenue Loss **Income & Franchise Tax** - Corporation Income, Corporation Franchise, Individual and Fiduciary

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 ¹ (projected)	FYE 6-27 ¹ (projected)	Exemption Classification
Deductions						
23. START SAVINGS PROGRAM CONTRIBUTION						
Individual Income Tax	\$3,021,856	\$2,991,179	\$3,045,796	\$2,985,000	\$2,925,000	Education - Breaks for Taxpayers
24. START K-12 SAVINGS PROGRAM CONTRIBUTION						
Individual Income Tax	\$50,575	\$112,426	\$124,040	\$127,000	\$130,000	Education - Breaks for Taxpayers
25. ENTITY-LEVEL INCOME TAX PAID TO OTHER STATES						
Individual Income Tax	Negligible	\$13,040	\$1,082,626	\$1,104,000	\$1,126,000	Normal Tax Structure - Double Taxation
26. ADAPTIVE HOME IMPROVEMENTS FOR DISABLED INDIVIDUALS						
Individual Income Tax	See number 6	See number 6	See number 6	See number 6	See number 6	MISC - Specialty - Performance of Specific Activity
27. DEPENDENT/BLIND/AGED EXEMPTION/DEDUCTION						
Individual Income Tax	\$28,353,316	\$28,720,751	\$28,946,864	\$3,474,000	\$1,737,000	MISC - Personal Income Tax Formula
28. PERCENTAGE DEPLETION						
Fiduciary Income Tax	\$267,082	\$105,817	\$232,474	\$228,000	\$223,000	Business Environment - General
Corporate Income Tax	No data	No data	No data	No data	No data	
29. NET LOUISIANA OPERATING LOSS						
Corporate Income Tax	\$256,416,744	\$377,368,385	\$347,964,811	\$341,006,000	\$334,186,000	Normal Tax Structure - Net Operating Loss
30. STANDARD DEDUCTION						
Corporate Income Tax	***	***	***	Unable to anticipate	Unable to anticipate	MISC - Personal Income Tax Formula
31. I.R.C. SECTION 280E EXPENSE						
Corporate Income Tax	No data	No data	No data	No data	No data	Normal Tax Structure - General
32. I.R.C. SECTION 280C EXPENSE						
Individual Income Tax	\$19,064,514	\$7,809,116	\$2,843,882	\$1,209,000	\$121,000	Normal Tax Structure - General
Corporate Income Tax	No data	No data	No data	No data	No data	
33. INTEREST INCOME AND DIVIDEND INCOME						
Corporate Income Tax	No data	No data	No data	No data	No data	MISC - Specialty - Corporate Income Tax Formula
34. HURRICANE RECOVERY ENTITY BENEFITS						
Corporate Income Tax	No data	No data	No data	No data	No data	MISC - Natural Disaster
Individual Income Tax	Negligible	Negligible	Negligible	Negligible	Negligible	

Footnotes for Income & Franchise Tax

1. The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

Five-Year Revenue Loss **Income & Franchise Tax** - Corporation Income, Corporation Franchise, Individual and Fiduciary

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 ¹ (projected)	FYE 6-27 ^{1,2} (projected)	Exemption Classification
Deductions ...Continued						
35. BONUS DEPRECIATION AND AMORTIZATION						
Corporate Income Tax	***	***	***	Unable to anticipate	Unable to anticipate	Business Environment - General
Fiduciary Income Tax	***	***	***	Unable to anticipate	Unable to anticipate	
Individual Income Tax	***	***	***	Unable to anticipate	Unable to anticipate	
36. CONSTRUCTION CODE RETROFITTING						
Individual Income Tax	Negligible	Negligible	\$34,336	\$35,000	\$70,000	MISC - Specialty - Performance of Specific Activity
37. EXCESS FEDERAL ITEMIZED DEDUCTIONS						
Individual Income Tax	\$95,761,358	\$15,676,046	\$15,020,014	\$14,720,000	\$14,426,000	MISC - Personal Income Tax Formula
38. NET CAPITAL GAINS						
Individual Income Tax	\$86,853,986	\$67,851,997	\$46,779,264	\$42,101,000	\$4,210,000	MISC - Specialty - Performance of Specific Activity
39. LOUISIANA FORTIFY HOMES PROGRAM GRANTS						
Individual Income Tax	***	***	***	Unable to anticipate	Unable to anticipate	MISC - Specialty - Performance of Specific Activity
40. DEPOSITS TO ABLE ACCOUNTS						
Individual Income Tax	***	***	***	***	Unable to anticipate	MISC - Personal Income Tax Formula
41. PERSONAL EXEMPTION-STANDARD DEDUCTION²						
Individual Income Tax	\$220,332,054	\$218,631,293	\$217,500,897	\$326,251,000	\$407,814,000	MISC - Personal Income Tax Formula
42. RECREATION VOLUNTEER						
Individual Income Tax	\$18,005	\$26,771	\$27,661	\$28,000	\$29,000	MISC - Specialty - Performance of Specific Activity
43. VOLUNTEER FIREFIGHTER						
Individual Income Tax	\$41,142	\$41,554	\$40,033	\$39,000	\$38,000	MISC - Specialty - Performance of Specific Activity
44. ELEMENTARY & SECONDARY SCHOOL TUITION						
Individual Income Tax	\$17,068,498	\$16,528,851	\$18,266,098	\$18,631,000	\$19,004,000	Education - Breaks for Taxpayers
45. EDUCATIONAL EXPENSES FOR HOME-SCHOOLED CHILDREN						
Individual Income Tax	\$379,942	\$393,605	\$440,346	\$449,000	\$458,000	Education - Breaks for Taxpayers
46. FEES AND OTHER EDUCATIONAL EXPENSES FOR A QUALITY PUBLIC EDUCATION						
Individual Income Tax	\$2,730,323	\$2,825,250	\$2,771,918	\$2,827,000	\$2,884,000	Education - Breaks for Taxpayers

Footnotes for Income & Franchise Tax

- The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.
- The fiscal effect assumes no restrictions on eliminating this deduction. Assuming that to reduce this deduction below the levels in effect January 1, 1974, would require a constitutional amendment, 58 percent of the fiscal effect should be considered protected. This estimated revenue loss increased significantly due to tax reform changes as provided by Acts 2024, 3rd Ex. Sess., No. 11.

Five-Year Revenue Loss **Income & Franchise Tax** - Corporation Income, Corporation Franchise, Individual and Fiduciary

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 ¹ (projected)	FYE 6-27 ^{1,2} (projected)	Exemption Classification
Deductions ...Continued						
47. EMPLOYMENT OF QUALIFIED DISABLED INDIVIDUALS						
Fiduciary Income Tax	\$0	\$0	\$0	Negligible	Negligible	Incentives - Employment
Individual Income Tax	\$0	Negligible	Negligible	Negligible	Negligible	
Corporate Income Tax	No data	No data	No data	No data	No data	
48. COVID-19 EDUCATIONAL EXPENSES						
Individual Income Tax	Negligible	Negligible	Negligible	Negligible	***	MISC - Total Specialty - Community Development
49. PRIVATE ADOPTION OF CERTAIN INFANTS						
Individual Income Tax	See number 57	See number 57	See number 57	See number 57	See number 57	MISC - Specialty - Performance of Specific Activity
50. HARDSHIP RETIREMENT DISTRIBUTION						
Individual Income Tax	***	***	***	***	Unable to anticipate	MISC - Personal Income Tax Formula
51. BANK-HOLDING CORPORATIONS						
Corporation Franchise Tax	No data	No data	No data	No data	No data	Business Environment - General
52. PUBLIC-UTILITY HOLDING CORPORATIONS						
Corporation Franchise Tax	No data	No data	No data	No data	No data	Business Environment - General
53. PUBLIC WATER UTILITY COMPANIES						
Corporation Franchise Tax	No data	No data	No data	No data	No data	Business Environment - General
54. MEMBERS OF CONTROLLED GROUPS THAT INCLUDE A TELEPHONE CORPORATION						
Corporation Franchise Tax	No data	No data	No data	No data	No data	Business Environment - General
55. HOLDING COMPANY						
Corporation Franchise Tax	No data	No data	No data	No data	No data	Business Environment - General
56. REGULATED UTILITY COMPANIES						
Corporation Franchise Tax	No data	No data	No data	No data	No data	Business Environment - General
57. ADOPTION FROM FOSTER CARE³						
Individual Income Tax	\$38,935	\$39,492	\$27,911	\$27,000	\$28,000	MISC - Specialty - Performance of Specific Activity
58. MILITARY FAMILY ASSISTANCE FUND						
Individual Income Tax	See number 6	See number 6	See number 6	See number 6	See number 6	Retirement, Disability, and Military

Footnotes for Income & Franchise Tax

- The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.
- The revenue loss for FYE 6-27 reflects the repeal of franchise tax according to Acts 2024, 3rd Ex. Sess., No. 6.
- This includes the revenue loss and projected loss for deduction for adoption from foster care, and deduction for private adoptions of certain infants.

Five-Year Revenue Loss **Income & Franchise Tax** - Corporation Income, Corporation Franchise, Individual and Fiduciary

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 ¹ (projected)	FYE 6-27 ^{1,2} (projected)	Exemption Classification
Preferential Tax Rate						
59. FRANCHISE TAX SUSPENSION FOR CERTAIN BUSINESSES						
Corporate Franchise Tax	\$5,073,638	\$492,991	\$88,180	***	***	MISC - Preferential Income Tax Rate
60. PASS-THROUGH ENTITY TAX ELECTION						
Corporation Income Tax	\$16,585,980	\$47,220,367	\$95,450,797	\$97,360,000	\$99,307,000	MISC - Preferential Income Tax Rate
Credits						
61. NET INCOME TAXES PAID TO OTHER STATES						
Individual Income Tax	\$129,816,933	\$106,933,347	\$114,925,014	\$112,627,000	\$110,374,000	Normal Tax Structure - Double Taxation
Fiduciary Income Tax	\$3,521,548	\$3,052,457	\$1,916,672	\$1,878,000	\$1,840,000	
62. NEW JOBS						
Corporation Income Tax	Negligible	Negligible	Negligible	***	***	Incentives - Employment
63. NEIGHBORHOOD ASSISTANCE						
Corporation Income Tax	\$0	\$0	\$0	\$0	\$0	MISC - Specialty - Community Development
64. CONTRIBUTION OF TANGIBLE PROPERTY OF A SOPHISTICATED AND TECHNOLOGICAL NATURE TO EDUCATIONAL INSTITUTIONS						
Individual Income Tax	Negligible	Negligible	Negligible	Negligible	***	Education - Breaks for Institutions
65. INSURANCE COMPANY PREMIUM TAX						
Corporation Income Tax	\$53,724,877	\$80,604,082	\$72,654,023	\$71,201,000	\$69,777,000	Normal Tax Structure - Double Taxation
66. CERTAIN REFUNDS ISSUED BY UTILITIES						
Fiduciary Income Tax	\$0	\$0	\$0	\$0	\$0	Business Environment - General
Corporation Income Tax	\$0	\$0	\$0	\$0	\$0	
67. LOUISIANA WORK OPPORTUNITY						
Individual Income Tax	\$0	\$14,177	Negligible	Negligible	Negligible	Incentives - Employment
Corporate Franchise Tax	\$0	\$0	\$0	Unable to anticipate	Unable to anticipate	
Corporation Income Tax	\$0	\$66,775	\$0	Unable to anticipate	Unable to anticipate	
68. CERTAIN DISABILITIES						
Individual Income Tax	\$16,695	Negligible	Negligible	Negligible	***	Retirement, Disability, and Military
69. SPECIAL ALLOWABLE CREDITS						
Individual Income Tax	Negligible	Negligible	Negligible	Negligible	***	Normal Tax Structure - General

Footnotes for Income & Franchise Tax

- The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.
- The revenue loss for FYE 6-27 reflects the repeal of franchise tax according to Acts 2024, 3rd Ex. Sess., No. 6.

Five-Year Revenue Loss **Income & Franchise Tax** - Corporation Income, Corporation Franchise, Individual and Fiduciary

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 ¹ (projected)	FYE 6-27 ¹ (projected)	Exemption Classification
Credits ... Continued						
70. EDUCATION						
Individual Income Tax	Negligible	Negligible	Negligible	Negligible	***	Education - Breaks for Taxpayers
71. SMALL-TOWN HEALTH PROFESSIONAL						
Individual Income Tax	Negligible	Negligible	\$0	***	***	MISC - Healthcare/Medical
72. PURCHASE OF BULLETPROOF VEST						
Individual Income Tax	Negligible	Negligible	\$0	***	***	MISC - Specialty - Purchase of Certain Items
73. LIVING ORGAN DONATION						
Individual Income Tax	\$0	Negligible	-\$250	***	***	MISC - Specialty - Performance of Specific Activity
74. ACCESSIBLE AND BARRIER-FREE CONSTRUCTED HOME						
Individual Income Tax	\$0	Negligible	\$0	***	***	MISC - Specialty - Performance of Specific Activity
75. EMPLOYMENT-RELATED EXPENSE FOR MAINTAINING HOUSEHOLD FOR CERTAIN DISABLED DEPENDENTS						
Individual Income Tax	Negligible	Negligible	\$0	***	***	Retirement, Disability, and Military
76. CERTAIN CHILD CARE EXPENSES						
Individual Income Tax	\$13,523,287	\$11,353,855	\$10,637,329	\$10,425,000	\$10,216,000	MISC - Specialty - Performance of Specific Activity
77. REHABILITATION OF AN OWNER OCCUPIED RESIDENTIAL OR MIXED-USE PROPERTY						
Individual Income Tax	\$91,067	Negligible	\$21,968	Negligible	***	Incentives - Department of Culture, Recreation & Tourism
78. EARNED INCOME TAX CREDIT						
Individual Income Tax	\$66,045,533	\$71,780,712	\$78,713,535	\$80,288,000	\$81,894,000	MISC - Specialty - Performance of Specific Activity
79. AMOUNTS PAID BY CERTAIN MILITARY SERVICEMEMBERS FOR OBTAINING LOUISIANA HUNTING AND FISHING LICENSES						
Individual Income Tax	Negligible	Negligible	Negligible	Negligible	***	Retirement, Disability, and Military
80. STILLBORN CHILD						
Individual Income Tax	\$36,085	\$103,380	\$75,411	\$74,000	\$73,000	MISC - Healthcare/Medical
81. ADOPTION OF UNRELATED INFANT						
Individual Income Tax	***	\$155,000	\$305,250	\$311,000	\$317,000	MISC - Specialty - Performance of Specific Activity
82. PREGNANCY RELATED DEATH						
Individual Income Tax	Negligible	\$18,704	\$10,368	\$11,000	\$11,000	MISC - Healthcare/Medical
Fiduciary Income Tax	\$0	\$0	\$0	Unable to anticipate	Unable to anticipate	
Footnotes for Income & Franchise Tax						
1. The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.						

Five-Year Revenue Loss **Income & Franchise Tax** - Corporation Income, Corporation Franchise, Individual and Fiduciary

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 ¹ (projected)	FYE 6-27 ^{1,2} (projected)	Exemption Classification
Credits ...Continued						
83. FIREARM SAFETY DEVICE						
Individual Income Tax	***	\$37,616	\$195,068	\$199,000	\$203,000	MISC - Specialty - Performance of Specific Activity
84. WORK-BASED LEARNING TAX CREDIT						
Individual Income Tax	***	***	***	***	Unable to anticipate	MISC - Specialty - Training Employees
Corporate Franchise Tax	***	***	***	***	Unable to anticipate	
Corporation Income Tax	***	***	***	***	Unable to anticipate	
85. PURCHASE OF QUALIFIED RECYCLING EQUIPMENT						
Corporate Franchise Tax	Negligible	Negligible	\$11,671	\$11,000	Negligible	MISC - Specialty - Purchase of Certain Items
Fiduciary Income Tax	\$0	\$0	\$0	\$0	\$0	
Individual Income Tax	\$40,952	\$0	\$17,643	\$17,000	\$17,000	
Corporate Income Tax	\$0	\$39,789	Negligible	Unable to anticipate	Unable to anticipate	
86. INVENTORY TAX/AD VALOREM TAX						
Corporate Franchise Tax	\$107,012,279	\$89,418,233	\$127,806,026	\$125,250,000	\$31,313,000	Business Environment - Inventory Tax/ Ad Valorem Tax
Fiduciary Income Tax	\$2,244,699	\$1,900,302	\$2,143,719	\$2,101,000	\$2,059,000	
Individual Income Tax	\$28,918,258	\$25,118,954	\$26,573,442	\$27,105,000	\$27,647,000	
Corporate Income Tax	\$146,072,527	\$187,685,109	\$265,952,096	\$271,271,000	\$135,636,000	
87. AD VALOREM TAX ON NATURAL GAS						
Corporate Franchise Tax	\$4,380,309	\$7,535,893	\$9,241,659	\$9,057,000	\$2,264,000	Business Environment - Inventory Tax/ Ad Valorem Tax
Fiduciary Income Tax	\$0	\$0	\$0	\$0	\$0	
Corporate Income Tax	\$2,206,965	\$914,794	\$4,430,283	\$4,519,000	\$2,260,000	
Individual Income Tax	\$0	Negligible	-\$437	\$0	\$0	
88. AD VALOREM TAX ON OFFSHORE VESSELS						
Corporate Franchise Tax	\$4,027,467	\$20,655,598	\$9,597,217	\$8,733,000	\$2,183,000	Business Environment - Inventory Tax/ Ad Valorem Tax
Fiduciary Income Tax	\$10,731	\$366,683	\$701,180	\$715,000	\$729,000	
Corporate Income Tax	\$4,529,126	\$7,858,659	\$12,812,453	\$13,069,000	\$13,330,000	
Individual Income Tax	\$2,011,323	\$4,862,502	\$4,326,504	\$4,413,000	\$4,501,000	

Footnotes for Income & Franchise Tax

- The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.
- The revenue loss for FYE 6-27 reflects the repeal of franchise tax according to Acts 2024, 3rd Ex. Sess., No. 6.

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Five-Year Revenue Loss **Income & Franchise Tax** - Corporation Income, Corporation Franchise, Individual and Fiduciary

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 ¹ (projected)	FYE 6-27 ^{1,2} (projected)	Exemption Classification
Credits ...Continued						
89. DONATIONS TO ASSIST QUALIFIED PLAYGROUNDS						
Fiduciary Income Tax	\$0	\$0	\$0	\$0	\$0	MISC - Specialty - Community Development
Corporate Income Tax	\$0	\$0	\$0	\$0	\$0	
Individual Income Tax	Negligible	\$0	\$0	Unable to anticipate	Unable to anticipate	
Corporate Franchise Tax	\$0	\$0	\$0	\$0	\$0	
90. DONATIONS TO PUBLIC ELEMENTARY OR SECONDARY SCHOOLS						
Corporate Income Tax	\$0	\$0	\$617,500	\$0	\$0	Education - Breaks for Institutions
91. AD VALOREM TAX PAID BY CERTAIN TELEPHONE COMPANIES						
Corporate Franchise Tax	\$1,547,415	\$1,247,944	\$2,014,601	\$1,833,000	\$458,000	Business Environment - Inventory Tax/ Ad Valorem Tax
Fiduciary Income Tax	\$0	\$0	\$0	\$0	\$0	
Corporate Income Tax	\$8,850,025	\$7,234,105	\$5,022,715	\$4,922,000	\$4,824,000	
Individual Income Tax	\$0	\$0	\$0	\$0	\$0	
92. DEBT ISSUANCE COSTS						
Corporate Franchise Tax	\$0	\$0	\$0	\$0	\$0	MISC - Specialty - Community Development
Fiduciary Income Tax	\$0	\$0	\$0	\$0	\$0	
Corporate Income Tax	\$0	\$0	\$0	\$0	\$0	
Individual income Tax	\$0	\$0	\$0	\$0	\$0	
93. REHABILITATION OF HISTORIC STRUCTURES						
Corporate Franchise Tax	\$4,276,716	\$6,209,692	\$8,314,941	\$12,236,000	\$3,059,000	Incentives - Department of Culture, Recreation & Tourism
Individual Income Tax	\$53,878,134	\$37,595,211	\$31,058,078	\$45,704,000	\$38,848,000	
Corporate Income Tax	\$27,110,506	\$23,732,649	\$28,094,033	\$41,342,000	\$35,141,000	
Fiduciary Income Tax	\$994,234	\$256,925	\$488,040	\$718,000	\$610,000	
94. LA CITIZENS PROPERTY INSURANCE CORPORATION ASSESSMENT³						
Corporate Income Tax	-\$7,857	-\$513	\$0	***	***	MISC - Natural Disasters
Individual Income Tax	\$16,025	\$12,259	Negligible	Negligible	***	

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Footnotes for Income & Franchise Tax	
1.	The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.
2.	The revenue loss for FYE 6-27 reflects the repeal of franchise tax according to Acts 2024, 3rd Ex. Sess., No. 6.
3.	The estimated revenue loss includes credits claimed on a stand-alone form for taxpayers not required to file an income tax return.

Five-Year Revenue Loss **Income & Franchise Tax** - Corporation Income, Corporation Franchise, Individual and Fiduciary

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 ¹ (projected)	FYE 6-27 ^{1,2} (projected)	Exemption Classification
Credits ... Continued						
95. YOUTH JOBS						
Corporate Franchise Tax	Negligible	Negligible	Negligible	Negligible	Negligible	Incentives - Employment
Corporate Income Tax	Negligible	\$22,500	\$15,000	\$13,000	\$13,000	
Fiduciary Income Tax	\$0	\$0	\$0	\$0	\$0	
Individual Income Tax	Negligible	Negligible	\$15,000	\$28,000	\$29,000	
96. MILK PRODUCERS						
Corporate Franchise Tax	\$0	\$0	\$0	Unable to anticipate	\$0	Agricultural/Rural
Corporate Income Tax	\$25,200	Negligible	\$75,600	\$36,000	\$35,000	
Fiduciary Income Tax	\$21,600	\$0	\$0	\$0	\$0	
Individual Income Tax	\$417,600	\$307,800	\$487,800	\$478,000	\$468,000	
97. APPRENTICESHIP (2007)						
Corporate Franchise Tax	Negligible	Negligible	\$22,996	\$11,000	Negligible	MISC - Specialty - Training Employees
Corporate Income Tax	\$0	\$0	Negligible	\$0	***	
Fiduciary Income Tax	\$0	\$0	Negligible	-\$6,000	\$0	
Individual Income Tax	Negligible	Negligible	Negligible	Negligible	***	
98. APPRENTICESHIP (2022)						
Individual Income Tax	\$0	\$179,181	\$250,646	\$256,000	\$261,000	MISC - Specialty - Training Employees
Fiduciary Income Tax	\$0	\$19,818	Negligible	\$26,000	\$17,000	
Corporate Income Tax	\$0	\$18,757	\$16,069	\$16,000	\$16,000	
Corporation Franchise Tax	\$0	\$146,121	\$141,962	\$129,000	\$32,000	
99. CONVERSION OF VEHICLES TO ALTERNATIVE FUEL						
Individual Income Tax	\$201,210	Negligible	Negligible	***	***	MISC - Specialty - Purchase of Certain Items
Corporate Income Tax	\$17,263	\$0	\$0	Negligible	Negligible	
100. COVID-19 PANDEMIC ATC LICENSE						
Individual Income Tax	Negligible	\$0	\$0	***	***	MISC - Total Specialty - Community Development
Corporate Income Tax	Negligible	\$0	\$0	***	***	

Footnotes for Income & Franchise Tax

- The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.
- The revenue loss for FYE 6-27 reflects the repeal of franchise tax according to Acts 2024, 3rd Ex. Sess., No. 6.

Five-Year Revenue Loss **Income & Franchise Tax** - Corporation Income, Corporation Franchise, Individual and Fiduciary

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 ¹ (projected)	FYE 6-27 ^{1,2} (projected)	Exemption Classification
Credits ...Continued						
101. DONATIONS TO QUALIFIED FOSTER CARE ORGANIZATIONS						
Corporate Income Tax	\$0	\$0	\$0	Unable to anticipate	Unable to anticipate	MISC - Specialty - Performance of a Specific Activity
Individual Income Tax	\$0	\$15,000	\$195,068	\$199,000	\$203,000	
102. RESTAURANT RECYCLING OF OYSTER SHELLS						
Fiduciary Income Tax	***	***	\$0	Unable to anticipate	Unable to anticipate	MISC - Specialty - Community Development
Individual Income Tax	***	***	\$0	Negligible	Negligible	
Corporate Income Tax	***	***	\$0	Negligible	Negligible	
103. LOUISIANA FORTIFIED ROOF						
Individual Income Tax	***	***	***	***	Unable to anticipate	MISC - Specialty - Performance of a Specific Activity
104. WORKFORCE CHILD CARE						
Individual Income Tax	\$1,439,242	\$1,291,774	\$1,117,531	\$1,095,000	\$1,073,000	Education - Breaks for Taxpayers
105. WORKFORCE CHILD CARE PROVIDER						
Corporate Franchise Tax	\$1,206,014	\$1,071,592	\$1,163,557	\$1,140,000	\$285,000	Education - Breaks for Institutions
Individual Income Tax	\$5,275,286	\$7,818,529	\$6,145,419	\$6,023,000	\$5,902,000	
Corporation Income Tax	\$4,106,750	\$4,611,408	\$4,788,693	\$4,884,000	\$4,982,000	
106. WORKFORCE CHILD CARE DIRECTORS AND STAFF						
Individual Income Tax	\$15,974,743	\$18,408,813	\$19,680,949	\$20,075,000	\$20,476,000	Education - Breaks for Institutions
107. WORKFORCE BUSINESS-SUPPORTED CHILD CARE						
Corporate Franchise Tax	\$25,333	\$93,750	\$25,000	\$25,000	Negligible	Education - Breaks for Institutions
Individual Income Tax	\$265,914	\$193,251	\$97,957	\$97,000	\$98,000	
Corporate Income Tax	\$443,901	\$297,438	\$432,233	\$441,000	\$450,000	
108. WORKFORCE FEES AND GRANTS TO RESOURCE AND REFERRAL AGENCIES						
Corporate Income Tax	\$366,001	\$479,185	\$607,992	\$620,000	\$632,000	Education - Breaks for Institutions
Corporate Franchise Tax	\$121,328	\$63,540	\$150,307	\$147,000	\$37,000	
Individual Income Tax	\$1,257,343	\$1,720,449	\$1,494,811	\$1,525,000	\$1,555,000	

Footnotes for Income & Franchise Tax

- The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.
- The revenue loss for FYE 6-27 reflects the repeal of franchise tax according to Acts 2024, 3rd Ex. Sess., No. 6.

Five-Year Revenue Loss **Income & Franchise Tax** - Corporation Income, Corporation Franchise, Individual and Fiduciary

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26¹ (projected)	FYE 6-27¹ (projected)	Exemption Classification
Credits ...Continued						
109. DONATIONS TO ELIGIBLE MATERNAL WELLNESS CENTERS						
Fiduciary Income Tax	***	***	***	Unable to anticipate	Unable to anticipate	MISC - Specialty - Performance of a Specific Activity
Corporate Income Tax	***	***	***	Unable to anticipate	Unable to anticipate	
Individual Income Tax	***	***	***	Unable to anticipate	Unable to anticipate	
110. DONATIONS TO SCHOOL TUITION ORGANIZATION						
Corporate Income Tax	\$3,463,255	\$2,871,236	\$2,752,403	\$5,987,000	\$3,173,000	Education - Breaks for Taxpayers
Fiduciary Income Tax	\$15,421	\$142,025	\$193,722	\$166,000	\$205,000	
Individual Income Tax	\$15,389,522	\$15,667,947	\$18,502,545	\$23,281,000	\$22,634,000	
111. DONATION TO PUBLIC SCHOOLS						
Corporate Income Tax	***	***	***	***	Unable to anticipate	Education - Breaks for Institutions
Fiduciary Income Tax	***	***	***	***	Unable to anticipate	
Individual Income Tax	***	***	***	***	Unable to anticipate	
Total State Revenue Loss	\$2,685,166,524	\$2,702,349,192	\$2,836,388,610	\$2,952,053,000	\$2,447,781,000	
Exemption Required by the State Constitution, Federal Law, or US Constitution						
112. FEDERAL INCOME TAX DEDUCTION						
Corporation Income Tax	\$138,624,895	\$9,569,840	\$409,169	\$5,650,000	\$565,000	Louisiana Constitutional Mandates
Fiduciary Income Tax	\$21,515,161	\$957,659	\$18,826	Negligible	***	
Individual Income Tax	\$399,378,265	\$23,374,029	\$12,952,757	\$3,987,000	\$997,000	
113. INTEREST ON UNITED STATES GOVERNMENT OBLIGATIONS						
Fiduciary Income Tax	\$182,742	\$448,940	\$742,085	\$757,000	\$772,000	Normal Tax Structure - Federal Mandatory
Individual Income Tax	\$3,167,604	\$6,792,876	\$12,663,919	\$12,917,000	\$13,176,000	
114. NATIVE AMERICAN INCOME						
Individual Income Tax	\$195,229	\$182,531	\$258,579	\$253,000	\$248,000	Normal Tax Structure - Tribal
Total Income & Franchise Tax Revenue Loss	\$3,248,230,420	\$2,743,675,067	\$2,863,433,945	\$2,975,617,000	\$2,463,539,000	

Footnotes for Income & Franchise Tax

1. The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27¹ (projected)
1. Motion Picture Investor Tax Credit	\$134,482,210	\$132,439,615	\$102,029,248	\$125,000,000	\$125,000,000
2. Research and Development Tax Credit	\$11,488,084	\$14,451,399	\$16,977,941	\$12,000,000	\$12,000,000
3. Digital Interactive Media & Software Tax Credit	\$16,914,877	\$18,969,966	\$43,689,309	\$62,000,000	\$60,760,000
4. Louisiana Capital Companies Tax Credit Program	\$0	\$0	\$0	***	***
5. New Markets Tax Credit	\$0	\$0	\$0	***	***
6. Industrial Tax Equalization Program	\$2,204,958	\$1,381,141	\$2,977,487	\$2,367,000	\$1,184,000
7. Exemptions for Manufacturing Establishments	\$886,430	\$0	\$940,279	Unable to anticipate	Unable to anticipate
8. Enterprise Zones	\$23,070,138	\$7,294,061	\$21,065,413	\$28,000,000	\$27,440,000
9. Sound Recording Investor Tax Credit	\$47,229	\$22,642	\$60,460	\$22,000	\$22,000
10. Angel Investor Tax Credit Program	\$1,782,014	\$1,448,718	\$2,304,862	\$1,420,000	\$1,392,000
11. Musical & Theatrical Productions Tax Credit	\$758,797	\$852,752	\$2,143,446	\$5,616,000	\$5,504,000
12. Retention and Modernization Credit	\$2,302,000	\$3,430,579	\$5,640,478	\$6,000,000	\$3,000,000
13. Louisiana Quality Jobs Program	\$150,061,656	\$94,409,917	\$78,023,002	\$113,501,000	\$111,231,000
14. Procurement Processing Company Rebate Program	\$73,100,278	\$80,607,500	\$94,041,228	\$95,922,000	\$97,840,000
Total Tax Incentive and Exemption Contracts Revenue Loss	\$417,098,671	\$355,308,290	\$369,893,153	\$451,848,000	\$445,373,000

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Footnotes for Tax Incentives and Exemption Contracts

1. The projected revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)	Exemption Classification
Gasoline Tax Exemptions						
1. Casinghead Gasoline	NRR	NRR	NRR	NRR	NRR	Business Environment - General
2. Aviation Gasoline	\$160,921	\$157,057	\$199,018	\$227,000	\$234,000	Business Environment - General
Gasoline Tax Refunds						
3. School Bus Drivers	Negligible	Negligible	Negligible	\$0	\$0	Education – Breaks for Taxpayers
4. Farmers, Fishermen, and Aircraft	\$11,071	Negligible	Negligible	Negligible	Negligible	Agricultural/Rural
Gasoline Tax Discount						
5. Timely Filing and Payment by Suppliers/Permissive Suppliers	\$2,073,100	\$2,129,199	\$2,204,542	\$2,250,000	\$2,250,000	Dealers and Vendors Comp
Diesel Fuels Tax Exemption						
6. Dyed Diesel & Dyed Kerosene Gallons Removed for Non-Highway Purposes	\$133,681,704	\$140,679,937	\$133,425,751	\$150,372,000	\$144,357,000	Business Environment - General
Diesel Fuels Tax Refunds						
7. School Bus Drivers	\$138,039	\$116,815	\$109,896	\$120,000	\$120,000	Education – Breaks for Taxpayers
8. Diesel Fuels Used in Licensed Vehicles by Commercial Fishermen	\$0	\$0	\$0	\$0	\$0	Agricultural/Rural
9. Undyed Diesel Fuels Used for Nontaxable Purposes	\$646,734	\$623,224	\$586,708	\$462,000	\$439,000	Business Environment - General
Diesel Fuels Tax Discount						
10. Timely Filing and Payment by Suppliers/Permissive Suppliers	\$734,687	\$698,497	\$721,478	\$789,000	\$757,000	Dealers and Vendors Comp
Special Fuels Tax Refunds						
11. School Bus Owners	\$0	\$0	\$0	\$0	\$0	Education – Breaks for Taxpayers
Special Fuels Tax Discount						
12. Timely Filing and Payment by Dealers	Negligible	Negligible	Negligible	Negligible	Negligible	Dealers and Vendors Comp
Inspection Fee Exemptions						
13. Gasoline and Undyed Diesel Brought into Louisiana in Fuel Supply Tanks of Interstate Motor Fuel Users	\$40,798	\$52,618	\$50,909	\$61,000	\$61,000	Normal Tax - Interstate Commerce
14. Undyed Diesel Fuel Used by Commercial Fishermen	\$0	\$0	\$0	\$0	\$0	Agricultural/Rural
15. Diesel Fuels Used in or Distributed to Seagoing Vessels	\$556,946	\$567,407	\$565,891	\$640,000	\$366,000	Normal Tax - Interstate Commerce
16. Exports of Gasoline or Diesel Fuels	\$890,433	\$1,084,239	\$1,695,099	\$917,000	\$703,000	Normal Tax - Interstate Commerce
Total State Revenue Loss	\$138,934,433	\$146,108,993	\$139,559,292	\$155,838,000	\$149,287,000	
Federally Imposed Exemptions						
17. Gasoline and Diesel Sales to the Federal Government and Its Agencies	\$4,666,371	\$8,287,120	\$5,774,246	\$5,171,000	\$4,903,000	Normal Tax - Federal Mandatory
18. Interstate Gasoline and Diesel Shipments/Exports	\$108,053,708	\$133,621,544	\$239,356,563	\$126,910,000	\$165,420,000	Normal Tax - Interstate Commerce
Total Revenue Loss from Federally Imposed Exemptions	\$112,720,079	\$141,908,664	\$245,130,809	\$132,081,000	\$170,323,000	
Total Petroleum Products Tax Revenue Loss	\$251,654,512	\$288,017,657	\$384,690,101	\$287,919,000	\$319,610,000	

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)	Exemption Classification
Natural Gas Exclusions						
1. Injection	\$1,222,368	\$195,485	\$46,052	\$21,000	\$22,000	Business Environment - General
2. Produced Outside the State of Louisiana	Negligible	(Negligible)	Negligible	\$11,000	Negligible	Normal Tax - Severance
3. Flared or Vented	\$431,801	\$305,917	\$194,636	\$155,000	\$143,000	Business Environment - General
4. Consumed in Field Operations	\$4,204,325	\$5,909,414	\$2,630,631	\$1,924,000	\$2,155,000	Business Environment - Direct Input
5. Consumed in the Production of Natural Resources in the State of Louisiana	\$0	\$0	\$0	\$0	\$0	Business Environment - Direct Input
6. Used in the Manufacture of Carbon Black	\$72,101	\$52,546	\$32,801	\$10,000	\$11,000	Business Environment - Direct Input
Natural Gas Exemptions						
7. Horizontal Wells	\$163,184,111	\$370,106,151	\$271,754,073	\$223,123,000	\$223,123,000	Normal Tax - Severance
Natural Gas Suspension						
8. Deep Wells	Negligible	\$971,900	\$802,836	\$1,636,000	\$1,636,000	Normal Tax - Severance
Natural Gas Special Rates						
9. Incapable Oil-Well Gas	\$415,516	\$576,136	\$214,577	\$361,000	\$451,000	Normal Tax - Severance
10. Incapable Gas-Well Gas	\$15,398,582	\$22,699,124	\$11,414,911	\$8,495,000	\$9,344,000	Normal Tax - Severance
11. Orphan Wells	\$0	\$0	\$0	\$0	\$0	Normal Tax - Severance
12. Inactive Wells	\$36,306	\$12,355	Negligible	\$37,000	\$21,000	Normal Tax - Severance
Natural Gas Incentive						
13. Produced Water Injection - Gas Wells	Negligible	Negligible	Negligible	Negligible	Negligible	Normal Tax - Severance
Oil Deduction						
14. Trucking, Barging, and Pipeline Fees	\$340,319	\$481,927	\$304,197	\$415,000	\$410,000	Normal Tax - Severance
Oil Exemptions						
15. Horizontal Wells	\$9,296,623	\$2,918,590	\$1,342,632	\$618,000	\$618,000	Normal Tax - Severance
16. Orphan Well Rework Program	\$0	\$0	\$0	\$0	\$0	Normal Tax - Severance
Oil Suspension						
17. Deep Wells	\$42,207	\$2,919,899	\$1,170,858	\$5,266,000	\$5,266,000	Normal Tax - Severance
18. Tertiary Recovery	\$13,306,287	\$11,602,821	\$9,186,560	\$8,761,000	\$7,710,000	Normal Tax - Severance
Oil Special Rates						
19. Incapable Oil Wells	\$10,352,114	\$8,343,955	\$5,414,654	\$5,112,000	\$4,550,000	Normal Tax - Severance
20. Stripper Oil Wells	\$26,794,939	\$23,621,684	\$21,479,386	\$17,910,000	\$16,656,000	Normal Tax - Severance

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)	Exemption Classification
Oil Special Rates ...Continued						
21. Stripper Oil Wells - Value Less than \$20 per Barrel	\$0	\$0	\$0	\$0	\$0	Normal Tax - Severance
22. Orphan Wells	\$0	\$0	\$0	\$872,000	\$872,000	Normal Tax - Severance
23. Inactive Wells	\$681,667	\$480,584	\$450,816	\$1,187,000	\$997,000	Normal Tax - Severance
24. Salvage Oil	\$0	\$0	\$0	\$0	\$0	Normal Tax - Severance
25. Horizontal Mining and Drilling Projects	\$0	\$0	\$0	\$0	\$0	Normal Tax - Severance
Oil Incentive						
26. Produced Water Injection - Oil Wells	\$0	\$0	\$0	\$0	\$0	Normal Tax - Severance
Mineral Exemption						
27. Owned and Severed by Political Subdivisions	\$0	\$0	\$0	\$0	\$0	Normal Tax - Intergovernment
Total State Revenue Loss	\$245,779,266	\$451,198,488	\$326,439,620	\$275,914,000	\$273,985,000	
Federally Imposed Tax Exemptions						
28. U.S. Government Royalty - Gas Wells	\$1,157,155	\$1,532,607	\$660,774	\$424,000	\$785,000	Normal Tax - Federal Mandatory
29. U.S. Government Royalty - Oil Wells	\$202,998	\$162,940	\$159,471	\$140,000	\$136,000	Normal Tax - Federal Mandatory
Total Revenue Loss From Federally Imposed Exemptions	\$1,360,153	\$1,695,547	\$820,245	\$564,000	\$921,000	
Total Natural Resources - Severance Tax Revenue Loss	\$247,139,419	\$452,894,035	\$327,259,865	\$276,478,000	\$274,906,000	

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)	Exemption Classification
Discounts						
1. Tobacco Stamps	\$10,124,514	\$9,391,788	\$8,828,757	\$8,770,000	\$8,068,000	Dealers and Vendors Comp
2. Timely Filing and Payment	\$2,602,913	\$2,977,405	\$3,136,498	\$3,503,000	\$3,223,000	Dealers and Vendors Comp
Exemptions						
3. Sales to State Institutions	NRR	NRR	NRR	NRR	NRR	Normal Tax - Intergovernment
Refunds						
4. Return of Taxable Cigarettes to the Manufacturer	\$466,442	\$794,386	\$392,199	\$178,000	\$178,000	Normal Tax - General
5. Return of Taxable Product to the Manufacturer	###	###	###	###	###	Normal Tax - General
6. Return of Taxable Vapor Product by Retail Dealer to the Manufacturer	Negligible	\$0	\$0	\$0	\$0	Normal Tax - General
Total State Revenue Loss	\$13,193,869	\$13,163,579	\$12,357,454	\$12,451,000	\$11,469,000	
Federally Imposed Exemptions						
7. Sales to the Federal Government and Its Agencies	###	###	###	###	###	Normal Tax - Federal Mandatory
8. Interstate Shipments of Cigarettes	\$62,574,152	\$53,386,613	\$46,615,846	\$45,640,000	\$39,707,000	Normal Tax - Interstate Commerce
9. Interstate Shipments of Tobacco Products	###	###	###	###	###	Normal Tax - Interstate Commerce
Total Revenue Loss from Federally Imposed Exemptions	\$62,574,152	\$53,386,613	\$46,615,846	\$45,640,000	\$39,707,000	
Other Exemptions	\$17,039,608	\$15,504,526	\$15,881,145	\$16,886,000	\$15,366,000	MISC - Other Exemptions
Total Tobacco Tax Revenue Loss	\$92,807,629	\$82,054,718	\$74,854,445	\$74,977,000	\$66,542,000	

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Footnotes for Tobacco Tax
Included in the row labeled Other Exemptions.

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)	Exemption Classification
Low Alcohol Tax Discount						
1. Timely Filing and Payment	\$532,563	\$528,284	\$506,810	\$507,000	\$486,000	Dealers and Vendors Comp
Low Alcohol, Liquor and Wine Tax Refund/Credit						
2. Products Returned to Manufacturer or Destroyed by a Dealer	\$694,496	\$1,286,277	\$301,567	\$488,000	\$375,000	Normal Tax - General
Liquor and Wine Tax Exemptions						
3. Antiseptic, Scientific, Religious, and Chemical Uses	NRR	NRR	NRR	NRR	NRR	Normal Tax - General
Liquor and Wine Tax Discount						
4. Timely Filing and Payment	\$1,041,129	\$1,020,951	\$1,002,760	\$924,000	\$906,000	Dealers and Vendors Comp
Total State Revenue Loss	\$2,268,188	\$2,835,512	\$1,811,137	\$1,919,000	\$1,767,000	
Federally Imposed Exemptions						
Low Alcohol Tax Exemptions						
5. Interstate Shipments	\$1,180,525	\$1,504,021	\$1,305,244	\$1,129,000	\$1,118,000	Normal Tax - Interstate Commerce
6. Sales to the Federal Government and Its Agencies	\$137,897	\$144,514	\$141,282	\$155,000	\$158,000	Normal Tax - Federal Mandatory
7. Sales to Ships Engaged in Interstate or Foreign Commerce	Negligible	Negligible	Negligible	Negligible	Negligible	Normal Tax - Interstate Commerce
Liquor and Wine Tax Exemptions						
8. Interstate Shipments of Alcoholic Beverages	\$720,580	\$283,259	\$96,394	\$281,000	\$191,000	Normal Tax - Interstate Commerce
9. Foreign Consul and Foreign Commerce	\$15,695	Negligible	Negligible	\$261,000	\$188,000	Normal Tax - Federal Mandatory
10. Sales to the Federal Government and Its Agencies	\$79,876	\$86,564	\$59,225	\$98,000	\$105,000	Normal Tax - Federal Mandatory
Total Revenue Loss from Federally Imposed Exemptions	\$2,134,573	\$2,018,358	\$1,602,145	\$1,924,000	\$1,760,000	
Total Liquors - Alcoholic Beverage Tax Revenue Loss	\$4,402,761	\$4,853,870	\$3,413,282	\$3,843,000	\$3,527,000	

Exemptions	FYE 6-23	FYE 6-24	FYE 6-25	FYE 6-26 (projected)	FYE 6-27 (projected)	Exemption Classification
Exemptions						
Consumable Hemp Products Tax						
1. CBD Products Approved for Marketing as a Prescription Medication	NRR	NRR	NRR	NRR	NRR	MISC - Health Care/Medical
2. CBD Products Recommended for Therapeutic Use Pursuant to R.S. 40:1046	NRR	NRR	NRR	NRR	NRR	MISC - Health Care/Medical
Total Consumable Hemp Products Tax Revenue Loss	NRR	NRR	NRR	NRR	NRR	
Hazardous Waste Disposal Tax						
3. Timely Payment	Negligible	Negligible	Negligible	\$11,000	\$10,000	Dealers and Vendors Comp
Total Hazardous Waste Disposal Tax Revenue Loss	Negligible	Negligible	Negligible	\$11,000	\$10,000	
Oil Spill Contingency Fee						
4. Timely Payment	\$36,099	\$33,126	\$35,308	\$34,000	\$36,000	Dealers and Vendors Comp
Total Oil Spill Contingency Fee Revenue Loss	\$36,099	\$33,126	\$35,308	\$34,000	\$36,000	
Public Utilities and Carriers Taxes						
Inspection and Supervision Fee						
5. Ten-Mile Zone	NRR	NRR	NRR	NRR	NRR	Business Environment - General
6. Power Cost	NRR	NRR	NRR	NRR	NRR	Business Environment - General
Transportation and Communication Utilities Tax						
7. Seven-Mile Zone	\$9,381,294	\$8,812,053	\$7,948,413	\$10,342,000	\$9,515,000	Business Environment - General
Total Public Utilities and Carriers Taxes Revenue Loss	\$9,381,294	\$8,812,053	\$7,948,413	\$10,342,000	\$9,515,000	
Telecommunication Tax for the Deaf						
8. Timely Payment	\$74,874	\$76,464	\$79,630	\$83,000	\$84,000	Dealers and Vendors Comp
9. Prepaid Wireless Devices and Wireless Devices Used for Data Only	Negligible	\$0	\$0	\$42,000	\$14,000	MISC - Specialty Purchase
Federally Imposed Tax Exemptions						
10. Sales to the Federal Government and Its Agencies	Negligible	Negligible	Negligible	\$0	\$0	Normal Tax - Federal Mandatory
Total Telecommunication Tax for the Deaf Revenue Loss	\$74,874	\$76,464	\$79,630	\$125,000	\$98,000	
Total Miscellaneous Taxes Revenue Loss	\$9,492,267	\$8,921,643	\$8,063,351	\$10,512,000	\$9,659,000	

Listing of Exemptions

Part 5

Consumable Hemp Products Tax Exemptions

Consumable Hemp Products Tax

{ Introduction }

Act 247 of the 2019 Regular Session levied an excise tax on industrial hemp-derived CBD products at the rate of 3% of the retail sales price. Act 336 of the 2021 Regular Session expanded the tax to apply to all consumable hemp products and changed the name to the Consumable Hemp Products Tax. The tax is paid by the retailer on a monthly basis and is in addition to any other state and local sales tax due on the retail sale. Collections from this tax are dedicated to the Early Childhood Education Fund. The tax applies to industrial-hemp derived CBD products for the period January 1, 2020 – July 31, 2021, and to all consumable hemp products as of August 1, 2021.

Legal Citations

R.S. 47:1693

Tax Base

January 1, 2020 - July 31, 2021: Retail sales price of industrial hemp-derived CBD products

Beginning August 1, 2021: Retail sales price of consumable hemp products

Tax Rate

3% of retail sales price

Type of Tax Exemptions

Consumable hemp products tax exemptions are in the form of exemptions from the tax. Exemptions are included in the tax base but specifically exempted by statute.

Significant Changes

There were no changes to the consumable hemp products tax laws during the past year.

Consumable Hemp Products Tax

Index of Exemptions

{ Introduction }

{ EXEMPTIONS }

1. **CBD Products Approved for Marketing as a Prescription Medication** 50
R.S. 47:1693(B)
2. **CBD Products Recommended for Therapeutic Use Pursuant to R.S. 40:1046** 50
R.S. 47:1693(B)

Consumable Hemp Products Tax

{ Exemptions }

1. CBD Products Approved for Marketing as a Prescription Medication

This exemption applies to industrial hemp-derived CBD products approved for marketing as a prescription medication by the U.S. Food and Drug Administration.

Legal Citation

R.S. 47:1693(B)

Origin

Acts 2019, No. 247

Effective Date

Taxable periods beginning on or after January 1, 2020

Beneficiaries

Consumers who purchase CBD products approved for marketing as a prescription medication by the U.S. Food and Drug Administration

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for this data.

2. CBD Products Recommended for Therapeutic Use Pursuant to R.S. 40:1046

This exemption applies to industrial hemp-derived CBD products recommended for therapeutic use pursuant to R.S. 40:1046.

Legal Citation

R.S. 47:1693(B)

Origin

Acts 2019, No. 247

Effective Date

Taxable periods beginning on or after January 1, 2020

Beneficiaries

Consumers who purchase CBD products recommended for therapeutic use pursuant to R.S. 40:1046

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for this data.

Hazardous Waste Disposal Tax Exemption

Hazardous Waste Disposal Tax

{ Introduction }

Act 8 of the 1984 First Extraordinary Session levied a one-time tax on the existing hazardous waste content of the land. The tax rate was \$2 per ton of waste disposed of or stored in the land during 1981, 1982, 1983, and the first six months of 1984. The tax was administered by the Department of Environmental Quality and collected by the Department of Revenue.

Act 8 also levied the hazardous waste disposal tax for both disposal and certain storage of hazardous waste in Louisiana. Disposal tax rates were set as follows: (1) \$5 per dry-weight ton of waste disposed at the same site where produced or generated, and (2) \$10 per dry-weight ton for waste disposed of or stored at a site other than where produced or generated. The tax is collectible from the generator if the generator disposed of their own hazardous waste, or from the disposer, who is responsible for collecting the tax from the generator at the time the waste is received. All generators and disposers are required to register with the Department of Environmental Quality.

Act 655 of the 1988 Regular Session increased the disposal tax rates to \$10 per dry-weight ton for on-site disposal and \$20 per dry-weight ton for disposal at another site. The Act provided for an annual increase of \$1 per year until 1998. Act 655 also imposed a tax of \$25 per dry-weight ton on extremely hazardous waste disposed of in Louisiana and extended taxation to waste imported into Louisiana for disposal or storage.

Act 391 of the 1990 Regular Session further increased the rates to \$30, \$60, and \$100 per dry-weight ton for on-site disposal, off-site disposal, and extremely hazardous waste, respectively. Additionally, a tax of \$25 per gross-weight ton was levied on the transportation of hazardous or extremely hazardous waste within Louisiana for disposal or storage.

Act 526 of the 1992 Regular Session reduced the off-site disposal tax from \$60 to \$40 per dry-weight ton and repealed the tax on transporting hazardous or extremely hazardous waste.

Legal Citations

R.S. 47:821 through 832

Tax Base

Dry-weight ton, or fraction thereof, of hazardous or extremely hazardous wastes disposed in Louisiana and hazardous waste stored in Louisiana for over 90 days

Tax Rate

- \$30 per ton for hazardous waste disposed of at the site where it was produced
- \$40 per ton for hazardous waste disposed of at a site other than where produced
- \$100 per ton of extremely hazardous waste disposed of

Imported hazardous waste produced out-of-state and disposed of in Louisiana is taxed at the higher of either the current Louisiana tax rate or at the rate that would be applied in the state where the waste was generated.

Types of Tax Exemptions

For hazardous waste disposal tax purposes, the tax exemption is provided in the form of a credit. A credit is generally defined as a reduction in the amount of tax due.

Significant Changes

There were no changes to the hazardous waste disposal tax laws during the past year.

Hazardous Waste Disposal Tax

Index of Exemption

{ CREDIT }

1. Timely Payment	54
R.S. 47:823(E)	

Hazardous Waste Disposal Tax

{ Credit }

1. Timely Payment

A credit of 0.5% is allowed for accurately reporting and timely remitting taxes due. This credit is intended to encourage compliance and to compensate companies for the administrative costs of collecting and remitting the tax.

Legal Citation

R.S. 47:823(E)

Origin

Acts 1990, No. 391

Effective Date

Taxable periods beginning on or after August 1, 1990

Beneficiaries

Registered generators and disposers of hazardous waste who accurately report and timely remit the taxes owed

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$11,000	\$10,000

**Income and Corporation
Franchise Tax Exemptions**

*Corporation Income, Corporation Franchise,
Individual and Fiduciary*

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Introduction }

Corporation Income

The Louisiana corporation income tax was authorized by the 1921 state constitution. The first tax was levied in 1934 at the rate of 4% of corporate earnings exceeding \$3,000. In 1977, Louisiana raised the income tax rate from a flat rate of 4% to a five-tier tax rate schedule that ranged from 4% of the first \$25,000 of taxable income to a maximum of 8% of the taxable income exceeding \$200,000. In 2021, Louisiana reduced the income tax rate to a three-tier tax rate schedule that ranged from 3.5% of the first \$50,000 of taxable income to a maximum of 7.5% of the taxable income exceeding \$150,000. In 2025, Louisiana reduced the income tax rate to a flat rate of 5.5%.

Until 2022, Louisiana allowed a deduction for 100% of the federal income taxes paid on income taxable to Louisiana, which reduced the effective corporation income tax rate. This deduction was repealed for taxable periods beginning on or after January 1, 2022.

Like many other states that impose a corporation income tax, Louisiana closely follows the federal system. The state employs the federal definition of income and deductions with certain modifications. Act 16 of the First Extraordinary Session of 1986 enacted R.S. 47:287.2 through 287.785 relative to corporation income tax and provided for the conformance to the federal tax system.

For multi-state corporations, Louisiana net income is generally determined through formula apportionment. Under the formula apportionment method, total net income is generally apportioned to Louisiana based on the average of three factors: property, revenue, and wages.

Domestic corporations and other entities taxed as corporations for federal income tax purposes that organized under the laws of Louisiana, unless specifically exempted, must file an income tax return each year. Foreign corporations and other entities taxed as corporations for federal income tax purposes, organized under the laws of other states, who derive income from Louisiana sources, regardless of whether or not they have net income, must file an income tax return unless specifically exempted.

The income tax return is due by the fifteenth day of the fifth month following the close of an accounting period.

Legal Citations

R.S. 47:21 through 285, R.S. 47:287.2 through 287.785

Tax Base

Taxable income earned within or derived from sources within Louisiana after adjustments.

Tax Rate

Corporations pay tax on net income computed at the following rates:

Effective for Tax Years beginning prior to January 1, 2022	Effective for Tax Years 2022 - 2024	Effective for Tax Years beginning on January 1, 2025 and after
4% on the first \$25,000	3.5% on the first \$25,000	5.5%
5% on the next \$25,000	5.5% on the next \$50,000	
6% on the next \$50,000	7.5% on net income above \$150,000	
7% on the next \$100,000		
8% on net income above \$200,000		

Types of Tax Exemptions

Corporation income tax exemptions are in the form of exemptions/exclusions, deductions, and credits. An exemption/exclusion generally means that a corporation is statutorily exempt from the imposition of the corporation income tax because of the nature of the corporation's business or a specific item of income that is not taxed. Deductions are generally defined as a reduction in net income to arrive at taxable income. Credits are generally defined as a reduction to the amount of tax due. All exemptions related to corporation income tax are contained in this report.

The federal income tax deduction, although a statutory deduction, was required by the state constitution. For this reason, this deduction has been separated from the other exemptions and appears at the end of this section. The federal income tax deduction was removed from the constitution and is repealed for taxable periods beginning on or after January 1, 2022.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Introduction }

Significant Changes

2024 Third Extraordinary Session

Act 376

Act 376 establishes the Work-Based Learning Tax Credit. 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 \$2.50 per hour of employment up to \$2,500 per taxable period. Unused credits can be carried forward for up to five (5) 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, with an annual increase of \$1 million, up to a maximum of \$7.5 million, 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.

Act 382

Act 382 repeals the treatment and taxation of an S corporation as a C corporation. For taxable periods beginning on or after January 1, 2026, S corporations will be recognized as a pass-through entity for state income tax purposes consistent with federal treatment. Act 382 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 Louisiana as well as the income not attributable to Louisiana, 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.

Act 423

Act 423 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 in the statute. The governing authority of the public school must submit a public report prepared by a certified public accountant which contains all required identifying information. 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.

Act 454

Act 454 amends the amount of the School Readiness Tax Credit for business-supported childcare and makes several key changes. Specifically, the credit amounts for centers rated three stars or higher were increased from 10%, 15% and 20%, to 30%, 40%, and 50%, respectively, while qualifying centers rated two stars or below are no longer eligible for the credit. Additionally, Act 454 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 annual credit cap of \$1 million, with an annual increase of \$1 million, 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. The credit is applicable to taxable periods beginning on or after January 1, 2026.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Introduction }

Corporation Franchise

The Louisiana corporation franchise tax was enacted in 1932. The tax was imposed on every domestic corporation and every foreign corporation authorized or doing business in the state or using any part of its capital, plant, or any other property in the state. As originally enacted, the tax levied was due and payable for the privilege of carrying on or doing business, the exercising of its charter, or the continuance of its charter within the state.

An initial tax return covering the period beginning with the date the corporation first becomes liable for filing a return and ending with the close of the accounting period must be filed on or before the fifteenth day of the fourth month after the corporation first becomes liable. Thereafter, an annual return is due by the fifteenth day of the fifth month after the close of an accounting period. The tax is due on the first day of the calendar year or the taxpayer's fiscal year.

The law has been amended many times since 1932. However, an amendment in 1970 to replace the privilege of doing business language in the original act with the statement that the tax levied is due and payable on any one or all of the incidents referred to in the law was one of the more important amendments. For taxable periods beginning after December 31, 2005, the amount of borrowed capital included in taxable capital was reduced until fully phased out for the 2011 franchise tax year.

For taxable periods beginning before January 1, 2017, a limited liability company (LLC) is not considered to be a corporation for franchise tax purposes and therefore is not subject to franchise tax. For taxable periods beginning on or after January 1, 2017, the imposition of the franchise tax was extended to any entity taxed as a corporation for federal income tax purposes if it meets any of the criteria for franchise tax, with two exceptions: (1) Any LLC qualified and eligible to make an election to be taxed as an S Corporation on the first day of the franchise tax period and (2) Any other entity that was acquired during the period January 1, 2012, to December 31, 2013, by an entity that was taxed as an S Corporation for federal purposes.

The franchise tax is repealed for taxable periods beginning on or after January 1, 2026.

Legal Citations

R.S. 47:601 through 618

Tax Base

Capital stock, surplus, and undivided profits

Tax Rate

For taxable periods beginning prior to January 1, 2023, the tax was assessed on the taxable base at the rate of \$1.50 per \$1,000 on the first \$300,000 and \$3.00 per \$1,000 over \$300,000. For taxable periods beginning on or after January 1, 2023, through December 31, 2025, the tax was assessed on the taxable base at the rate of \$2.75 for each \$1,000 in excess of \$300,000. The tax is based on the larger of the assessed value of all real and personal property in the state or the amount of issued and outstanding capital stock, surplus, and undivided profits attributable to Louisiana.

Types of Tax Exemptions

Corporation franchise tax exemptions are in the form of exemptions/exclusions, deductions, and credits. Exemptions/exclusions generally refer to organizations or corporations that are statutorily exempt from the imposition of the corporation franchise tax due to the nature of their operation. Deductions are generally defined as a reduction to the taxable base. Credits are generally defined as a reduction to the amount of tax due.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Introduction }

Individual Income

Louisiana's individual income tax was first imposed in 1934. The tax is assessed on a resident individual's income derived from all sources and a nonresident individual's income derived from Louisiana sources. Resident individuals are allowed a credit for income tax paid to other states on income that is also taxed by Louisiana.

Like other states that impose an individual income tax, Louisiana closely follows the federal system utilizing the federal definition of income and deductions with certain modifications. Louisiana tax-table income is a modified federal adjusted gross income less federal income taxes paid for taxable periods beginning before January 1, 2022, and a modified federal adjusted gross income for taxable periods beginning on or after January 1, 2022.

For taxable periods before January 1, 2025, the income tax base was partially diminished by a combined personal exemption/standard deduction of \$4,500 for single filers and married taxpayers filing separately or \$9,000 for married taxpayers filing jointly, head-of-household filers, and qualifying surviving spouses. Additional \$1,000 deductions were given for each dependent and each taxpayer who is blind or 65 years of age or older.

For taxable periods on or after January 1, 2025, the combined personal exemption/standard deduction is eliminated in favor of a standard deduction of \$12,500 for single filers and married taxpayers filing separately or 200% of the amount provided for single filers for taxpayers with filing status married filing joint, head-of-household, and qualified surviving spouse. Beginning January 1, 2026, the standard deduction amount is adjusted annually for inflation.

Any resident, nonresident, or part-year resident required to file a tax return must do so by the fifteenth day of the fifth month after the close of their taxable year. For taxable periods on or after January 1, 2022, all individual income tax filers receive an automatic filing extension of six months.

Legal Citations

R.S. 47:21 through 285, R.S. 47:290 through 299

Tax Base

For taxable periods beginning before January 1, 2022, the tax base is comprised of federal adjusted gross income less federal income tax and the portion of federal itemized deductions that were in excess of the federal standard deduction with adjustments for other modifications to federal adjusted gross income.

For taxable periods beginning on or after January 1, 2022, the tax base is comprised of federal adjusted gross income less the portion of federal itemized deductions for medical expenses that were in excess of the federal standard deduction with adjustments for other modifications to federal adjusted gross income.

For taxable periods beginning on or after January 1, 2025, the tax base is comprised of federal adjusted gross income less the Louisiana standard deduction and the portion of federal itemized deductions for medical expenses that were in excess of the federal standard deduction with adjustments for other modifications to federal adjusted gross income.

Tax Rate

Filing Status	Taxable Income	Effective for Tax Years 2009-2021	Effective for Tax Years 2022-2024	Effective for Tax Years beginning on January 1, 2025 and after
Single, married filing separately, or head of household	\$0 - \$12,500	2.00%	1.85%	3%
	\$12,501 - \$50,000	4.00%	3.50%	3%
	\$50,001 and over	6.00%	4.25%	3%
Married filing jointly or qualified surviving spouse	\$0 - \$25,000	2.00%	1.85%	3%
	\$25,001-\$100,000	4.00%	3.50%	3%
	\$100,001 and over	6.00%	4.25%	3%

Types of Tax Exemptions

Individual income tax exemptions are in the form of exemptions/exclusions, deductions, and credits. Exemptions/exclusions generally mean a specific item of income that is not included in taxable income. Deductions are generally defined as a reduction in net income to arrive at taxable income. Credits are generally defined as a reduction to the amount of tax due. All exemptions related to individual income tax are contained in this report.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Introduction }

Significant Changes

2025 Regular Session

Act 32

Act 32 exempts grants received from the Louisiana Fortify Homes Program pursuant to 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.

Act 110

Act 110 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. The exclusion is applicable to taxable periods beginning on or after January 1, 2026.

Act 251

Act 251 authorizes an individual income tax 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.

Act 376

Act 376 establishes the Work-Based Learning Tax Credit. 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 \$2.50 per hour of employment up to \$2,500 per taxable period. Unused credits can be carried forward for up to five (5) 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, with an annual increase of \$1 million, up to a maximum of \$7.5 million, 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.

Act 404

Act 404 establishes a nonrefundable individual 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.

Act 423

Act 423 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 in the statute. The governing authority of the public school must submit a public report prepared by a certified public accountant which contains all required identifying information. 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

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Introduction }

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.

Act 454

Act 454 amends the amount of the School Readiness Tax Credit for business-supported childcare and makes several key changes. Specifically, the credit amounts are increased for centers rated three stars or higher from 10%, 15% and 20%, to 30%, 40%, and 50%, respectively, while qualifying centers rated two stars or below are ineligible for the credit. Additionally, Act 454 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 annual credit cap of \$1 million, with an annual increase of \$1 million, 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. Act 454 is applicable to taxable periods beginning on or after January 1, 2026.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Introduction }

Fiduciary

Louisiana's fiduciary income tax was first imposed in 1934. In 1996, the Louisiana Legislature enacted legislation to conform Louisiana income tax laws on estates and trusts to the Internal Revenue Code for purposes of simplifying preparation and filing of returns as well as to improve enforcement and aid in the interpretation of the income tax law. Resident estates and trusts with income from whatever source derived must file a fiduciary income tax return in Louisiana. Nonresident estates and trusts must file a fiduciary income tax return in Louisiana if they have income earned within or derived from sources within the state.

Like other states that impose a fiduciary income tax, Louisiana closely follows the federal system utilizing the federal definition of income and deductions with certain modifications. Before January 1, 2022, Louisiana taxable income was a modified federal taxable income less federal income taxes paid. For taxable periods beginning on or after January 1, 2022, the deduction for federal income taxes paid is no longer available.

Any resident or nonresident estate or trust required to file a tax return must do so by the fifteenth day of the fifth month after the close of their taxable year. Beginning in tax year 2022, resident and nonresident estates and trusts are allowed an automatic filing extension of six months.

Legal Citations

R.S. 47:181 through 188, R.S. 47:300.1 through 300.11

Tax Base

For taxable periods beginning before January 1, 2022, the tax base is comprised of federal taxable income less federal income taxes paid with adjustments for other modifications to federal taxable income. For taxable periods beginning on or after January 1, 2022, the tax base is comprised of federal taxable income with adjustments for other modifications to federal taxable income.

Tax Rate

Tax is computed at the following rates:

Effective for Tax Years beginning prior to January 1, 2022	Effective Tax Years 2022-2024	Effective for Tax Years beginning January 1, 2025 and after
2% on the first \$10,000	1.85% on the first \$10,000	3%
4% on the next \$40,000	3.5% on the next \$40,000	
6% on taxable income above \$50,000	4.25% on taxable income above \$50,000	

Types of Tax Exemptions

Fiduciary income tax exemptions are in the form of exemptions/exclusions, deductions, and credits. Exemptions/exclusions generally mean a specific item of income that is not included in taxable income. Deductions are generally defined as a reduction in net income to arrive at taxable income. Credits are generally defined as a reduction to the amount of tax due. All exemptions related to fiduciary income tax are contained in this report.

Until 2022, the federal income tax deduction, although a statutory deduction, was also required by the state constitution. For this reason, this deduction has been separated from the other exemptions and appears at the end of this section. The deduction was repealed for taxable periods beginning on or after January 1, 2022.

Significant Changes

2025 Regular Session

Act 376

Act 376 establishes the Work-Based Learning Tax Credit. 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 \$2.50 per hour of employment up to \$2,500 per taxable period. Unused credits can be carried forward for up to five (5) 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, with an annual increase of \$1 million, up to a maximum of \$7.5 million, 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.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Introduction }

Act 423

Act 423 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 in the statute. The governing authority of the public school must submit a public report prepared by a certified public accountant which contains all required identifying information. 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.

Income and Corporation Franchise Tax

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Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{Exemptions and Exclusions}

1. Credit Unions

Credit unions, including all their accumulated assets, are exempt from all taxes except for those on immovable property they own. Shares in a credit union are not subject to stock transfer taxes, whether issued by the credit union or transferred between members. Additionally, credit unions are not subject to the fees, taxes, or capital stock requirements that apply to regular corporations under general law. This exemption is intended to reduce the tax burden on these nonprofit organizations.

This exemption is applicable against corporation income and franchise tax.

Legal Citation

R.S. 6:662

Origin

Acts 1924, No. 40

Effective Date

Taxable periods beginning on or after July 1, 1924

Beneficiaries

Individuals who are a member of a state or federal chartered credit union

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for this data.

2. Certain Foreign Corporations

Foreign corporations operating as mutual savings banks, mutual savings fund societies, real estate investment trusts (REITs), state banks or trust companies, insurance companies, corporations serving as REIT advisors, group insurance and annuity companies, and nonprofit or non-trading corporations are exempt from Louisiana corporation income and franchise taxes if their activities in the state are limited to certain loan-related services, such as making, acquiring, or participating in loans. This exemption is intended to support access to financing for Louisiana businesses and individuals.

This exemption is applicable against corporation income and franchise tax.

Legal Citation

R.S. 12:302(K) and (L)

Origin

Acts 1968, No. 105, amended by Acts 1972, No. 751

Effective Date

Taxable periods beginning on or after January 1, 1968

Beneficiaries

Certain foreign corporations referred to in the law

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirements for this data.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{Exemptions and Exclusions}

3. Electric Cooperatives

Electric cooperatives are exempt from all individual income, corporation income, franchise, and excise taxes, except for a fee of \$10 for every 100 people (or part thereof) they provide electricity to within the state. This exemption is intended to reduce the tax burden on these nonprofit electric cooperatives.

This exemption is applicable to individual and corporation income tax and corporation franchise tax.

Legal Citation

R.S. 12:425

Origin

Acts 1940, No. 266, renumbered from R.S. 1950, §12:325 by Acts 1968, No. 105 - *Corporation Franchise*

Acts 1940, No. 266 - *Corporation Income*

Effective Date

Taxable periods beginning on or after July 18, 1940 - *Corporation Franchise*

Taxable periods beginning on or after July 1, 1940 - *Corporation Income*

Beneficiaries

Individuals and companies purchasing electricity from electric cooperatives

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for this data.

4. State Banking Corporations and Shareholders

State banking corporations and their shareholders are taxed the same as national banking corporations, which are exempt from corporation income tax. This exemption is intended to give state banks and their shareholders the same tax benefits available to national banking corporations and their shareholders.

This exemption is applicable to corporation income tax.

Legal Citations

R.S. 47:8, R.S. 47:121(2)

Origin

Acts 1966, No. 445

Effective Date

Taxable periods beginning on or after July 1, 1966

Related Provision

R.S. 12:302(K) and (L)

Beneficiaries

State chartered banks and their shareholders

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for this data.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{Exemptions and Exclusions}

5. Annual Retirement Income

An exclusion is allowed for certain retirement income of taxpayers 65 years or older. The exclusion is intended to reduce the tax burden for seniors in Louisiana.

For taxable periods beginning before January 1, 2025, individuals aged 65 or older may exclude up to \$6,000 of annual retirement income from their taxable income.

For taxable periods beginning on or after January 1, 2025, individuals aged 65 or older may exclude up to \$12,000 of annual retirement income from their taxable income. This amount will be adjusted annually for inflation.

This exclusion is applicable to individual income tax.

Legal Citation

R.S. 47:44.1(A)

Origin

Acts 1981, No. 881, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after January 1, 1981

Beneficiaries

Retirees, 65 years or older, with taxable retirement income

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$45,679,000	\$46,593,000

6. Disability Income

Individuals receiving annual disability income for a permanent total disability, as defined in R.S. 23:1221(2), may exclude up to \$6,000 of that income from taxation. This exclusion is intended to reduce the tax liability for individuals with a permanent total disability.

For taxable periods beginning before January 1, 2025, an individual who claims the exemption under R.S. 47:79(A) (2) for blindness, loss of limbs, mental incapacity, or deafness is not eligible to claim this exclusion.

This exclusion is applicable to individual income tax.

Legal Citation

R.S. 47:44.1(B)

Origin

Acts 2000, No. 34

Effective Date

Taxable periods beginning on or after January 1, 2001

Beneficiaries

Individuals receiving certain disability income

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$288,000	\$282,000

Note: This amount includes the total revenue loss for the deduction for adaptive home improvements for disabled individuals, mobile workforce, and deduction for military family assistance fund. See numbers 14, 26, and 58 in this Section.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{Exemptions and Exclusions}

7. State Employees, Teachers, and Other Retirement Benefits

Individuals receiving benefits from specific retirement systems may exclude those benefits from their Louisiana taxable income. This exclusion is intended to protect certain public retirement benefits from being taxed.

This exclusion is applicable to individual income tax.

Legal Citations

- R.S. 11:405 State Employees' Retirement System
- R.S. 11:570 Funded Judicial Retirement Plan
- R.S. 11:1378 Non-contributory Judicial Retirement Plan
- Beginning January 1, 1981
- R.S. 11:704 Teachers' Retirement System
- R.S. 11:704 Teachers' Retirement System of Orleans Parish
- R.S. 11:1003 Louisiana School Employees' Retirement System
- R.S. 11:1331 Louisiana State Police Retirement System
- R.S. 11:1403 Assessors' Retirement Fund
- R.S. 11:1526 Clerks' of Court Retirement and Relief Fund
- R.S. 11:1583 District Attorneys' Retirement System
- R.S. 11:1735 Municipal Employees' Retirement System
- R.S. 11:1735 City of Baton Rouge Retirement System
- R.S. 11:1735 Employees' Retirement System of East Baton Rouge Parish
- R.S. 11:1735 Employees' Retirement System of Shreveport
- R.S. 11:1905 Parochial Employees' Retirement System
- R.S. 11:3014 City of Alexandria Employees' Retirement System
- R.S. 11:2033 Registrars of Voters Employees' Retirement System
- R.S. 11:2182 Sheriffs' Pension and Relief Fund
- R.S. 11:2228 Municipal Police Employees' Retirement System
- R.S. 11:2263 Firefighters' Retirement System (*See note at end of this list.*)
- R.S. 11:3389 Firefighters' Pension and Relief Fund of New Orleans
- R.S. 11:3566 Policemen's Pension and Relief Fund for Alexandria
- R.S. 11:3568 Policemen's Pension and Relief Fund for City of Bossier City

7. State Employees, Teachers, and Other Retirement Benefits (continued)

- R.S. 11:3608 Policemen's Pension and Relief Fund for City of Lafayette
- R.S. 11:3658 Policemen's Pension and Relief Fund for the Police Department of the City of New Orleans
- R.S. 11:2228 Policemen's Pension and Relief Fund for Lafayette
- R.S. 11:3691 Harbor Police Retirement System (Port of New Orleans)
- R.S. 11:2228 Policemen's Pension and Relief Fund of the City of Shreveport
- R.S. 11:3823 Employees' Retirement System of the City of New Orleans
- R.S. 11:952.3 LSU Retirement System

Note: The Firefighters' Retirement System was established effective January 1, 1980, by R.S. 11:2251 et seq. As of October 1999, all of the local firefighters' retirement systems have merged with this system except the systems for the cities of Baton Rouge and New Orleans.

Firemen's Pension and Relief Fund of the following:

- R.S. 11:3118 Alexandria
- R.S. 11:3205 Bossier City
- R.S. 11:3300 Lafayette
- R.S. 11:3389 New Orleans

Origin

Various legislation since 1946

Effective Date

Taxable periods beginning on or after January 1, 1946

Beneficiaries

Retirees of various Louisiana public retirement systems

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$131,788,000	\$134,424,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{Exemptions and Exclusions}

8. Federal Retirement Benefits

Any federal retirement benefit received by a military or a nonmilitary federal retiree is exempt from Louisiana taxable income. This exemption aims to protect federal retirement benefits from Louisiana income tax.

For taxable periods beginning on or after January 1, 2021, military survivor benefit plan payments made to surviving spouses or to designated beneficiaries are also exempt from Louisiana income tax.

This exemption is applicable to individual income tax.

Legal Citations

R.S. 47:44.2 Federal Retirement System Benefits
 R.S. 47:44.2 Railroad Retirement System Benefits
 R.S. 47:52 Disability Pay to World War II Veterans
 R.S. 47:297.17 Military Survivor Benefits
 U.S.C.A. 45:231(m) Railroad Retirement Supplemental

Origin

Acts 1989, No. 812

Effective Date

Taxable periods beginning on or after January 1, 1988

Beneficiaries

Individuals receiving federal retirement income, both military and nonmilitary

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$49,254,000	\$51,739,000

9. Social Security Benefits

Social Security benefits that are taxable at the federal level are exempt from Louisiana taxable income. This exemption is intended to protect Social Security benefits from being subject to Louisiana income tax.

This exemption is applicable to individual income tax.

Legal Citations

R.S. 47:44.2

Origin

Acts 1989, No. 812

Effective Date

Taxable periods beginning on or after January 1, 1984

Related Provision

R.S. 47:111(A)(12) and 112.2

Beneficiaries

Individuals receiving Social Security income

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$205,907,000	\$210,025,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{Exemptions and Exclusions}

10. Interest on State or Local Government Obligations

Interest earned from obligations issued by the state of Louisiana, or its political and municipal subdivisions is exempt from Louisiana income tax. This exemption is designed to promote investment in Louisiana-issued obligations.

This exemption is applicable to individual, fiduciary, and corporation income tax.

Legal Citations

R.S. 47:48, R.S. 47:293(9)(b) - *Individual Income*

R.S. 47:300.6(B)(1)(a), R.S. 47:300.7 - *Fiduciary Income*

R.S. 47:48, R.S. 47:287.71(B)(4) - *Corporation Income*

Origin

Acts 1934, No. 21

Effective Date

Interest earned on or after January 1, 1935

Beneficiaries

State and local governments and the individuals and entities that invest in their obligations

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for this data.

11. Governmental Subsidies for Operating Public Transportation Systems

Funds received by a corporation from a government entity to support the operation and maintenance of public transportation systems are excluded from gross income. This exclusion aims to provide financial aid to public transportation services.

For returns filed after July 1, 2018, the exclusion is equal to 100% of the funds received. For returns filed from July 1, 2015, through June 30, 2018, and for taxable periods beginning during calendar years 2015, 2016, and 2017, regardless of the return filing date, the exclusion is limited to 72% of the funds received.

If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exclusion was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

This exclusion is applicable to corporation income tax.

Legal Citations

R.S. 47:51, R.S. 47:287.71(B)(2)

Origin

Acts 1979, No. 300; Acts 1986, 1st Ex. Sess., No. 16, amended by Acts 2015, No. 123; Acts 2018, 2nd Ex. Sess., No. 4

Effective Date

Taxable periods beginning on or after January 1, 1979

Beneficiaries

Certain public-service corporations

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no activity is anticipated.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{Exemptions and Exclusions}

12. Compensation for Disaster Services

A nonresident business entity providing services at the request of a registered Louisiana business or a state or local government during a declared disaster or emergency period may exclude all income earned from disaster or emergency-related work performed within Louisiana during that period. Similarly, out-of-state employees conducting disaster or emergency-related work in Louisiana during the declared period may also exclude all income received for such work from Louisiana taxable income. The purpose of this exclusion is to provide tax relief during emergencies and natural disasters.

This exclusion is applicable to individual and corporation income tax.

Legal Citation

R.S. 47:53.5, R.S. 47:242(1)(h), R.S. 47:287.71(B)(8) - *Corporation Income*

R.S. 47:111, R.S. 47:242(2)(a), R.S. 47:293(10) - *Individual Income*

Origin

Acts 2017, No. 358

Effective Date

Taxable periods beginning on or after January 1, 2018

Beneficiaries

Nonresident businesses and nonresident individuals that perform disaster or emergency-related work within the state during a disaster period

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no data on this exclusion.

13. Certain Exempt Entities

Organizations classified under Internal Revenue Code sections 401(a) or 501 are exempt from Louisiana corporation income tax to the extent they are exempt from federal income taxation. This exemption is intended to offer financial support to certain nonprofit organizations. The following is a list of entities eligible for this exemption:

- A. Labor, agricultural, and horticultural organizations that are educational or instructive and are established to promote the development of agricultural and horticultural products. To qualify, all income generated by these organizations must be used solely to cover the necessary expenses related to their upkeep and operation.
- B. Mutual savings banks, national banking corporations, and banking corporations organized under Louisiana law, provided they either pay a tax on behalf of their shareholders or their shareholders are taxed on their stock under other Louisiana laws. This exemption also applies to building and loan associations.
- C. Fraternal beneficiary societies, orders, or associations operating under the lodge system, or established exclusively for the benefit of members of a fraternity that operates under such a system. To qualify, these organizations must provide life, sickness, accident, or similar benefits to their members or their dependents.
- D. Nonprofit cemetery companies owned and operated exclusively for the benefit of their members.
- E. Any corporation, community chest, or fund that is organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals.
- F. Business leagues, chambers of commerce, real estate boards, and boards of trade that operate on a nonprofit basis, with no portion of their net earnings benefiting private shareholders or individuals.
- G. Nonprofit civic leagues or organizations that operate exclusively for charitable, educational, or recreational purposes.
- H. Clubs organized and operated exclusively for pleasure, recreation, or other nonprofit purposes.
- I. Benevolent life insurance associations of a purely local nature, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and similar organizations, provided at least 85% of their income is derived from amounts collected from members for farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations, including inter-insurers and reciprocal underwriters. The income must be used or held exclusively to cover losses and expenses related to these insurance purposes.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{Exemptions and Exclusions}

13. Certain Exempt Entities (continued)

- J. Farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations, including inter-insurers and reciprocal underwriters, only if their income is used or held exclusively to pay losses or related expenses.
- K. Certain farmers', fruit growers', or similar associations that are organized and operated on a cooperative basis for the purpose of marketing products or purchasing supplies and equipment.
- L. Corporations organized by exempt farmers' cooperatives to finance crop operations of members.
- M. Corporations organized exclusively to hold title to property, collect income from that property, and remit the entire amount—after deducting expenses—to organizations that operate solely for religious, charitable, scientific, literary, or educational purposes. To qualify, no part of the corporation's net earnings may benefit any private stockholder.
- N. Voluntary employees' beneficiary associations that provide life, sickness, accident, or other benefits to their members or their dependents.
- O. Teachers' retirement fund associations of a purely local nature, provided that no part of their net earnings—other than through the payment of retirement benefits—benefits any private shareholder or individual. To qualify, the association's income must be derived solely from public tax revenues, assessments on members' teaching salaries, and investment income.

This exemption is applicable to individual and corporation income tax.

Legal Citation

R.S. 47:121(1)-(15), R.S. 47:287.501, R.S. 47:287.521(A)

Origin

Acts 1934, Nos. 21 and 28, amended by Acts 1964, No. 461; Acts 1981, No. 121; Acts 1986, 1st Ex. Sess., No. 16

Effective Date

Taxable periods beginning on or after January 1, 1934

Beneficiaries

Members and shareholders of these exempt corporations

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for this data.

14. Mobile Workforce

Income earned by a nonresident employee for performing work in Louisiana for 30 days or less is exempt from state income tax. However, if the employee works in Louisiana for more than 30 days within a taxable year, they become subject to state taxation on all income earned in the state, including income from the first 30 days.

To qualify for this exemption, the employee must perform duties in multiple states, and the wages cannot be for work as a professional athlete, staff member of a professional athletic team, professional entertainer, public figure, or qualified production employee. Additionally, the exemption does not apply if the nonresident has other income sourced from Louisiana during the taxable year.

For taxable periods prior to January 1, 2026, the exemption applies to employment duties performed for the first 25 days.

The purpose of this exemption is to relieve certain remote workers from having to file and pay Louisiana income tax.

This exemption is applicable to individual income tax.

Legal Citation

R.S. 47:242(1)(g)(ii), R.S. 47:242(2)(b), R.S. 47:248, R.S. 47:293(10)

Origin

Acts 2021, No. 383; amended by Acts 2025, No. 382

Effective Date

Taxable periods beginning on or after January 1, 2022

Related Provision

R.S. 47:111(A)(12), R.S. 47:112.2

Beneficiaries

Nonresident employees who work less than 30 days in Louisiana

Estimated Fiscal Effect

See number 6 in this Section.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{Exemptions and Exclusions}

15. Dividends from National Banking Corporations and State Banking Corporations

Dividends received from national and state banking corporations are excluded from the gross income of corporations for Louisiana corporation income tax purposes. When Louisiana's income tax statutes were enacted, federal law prohibited states from taxing dividends of national banking corporations. Although this federal restriction has since been lifted, Louisiana has chosen not to amend its statutes to tax these dividends. This exclusion reflects compliance with the federal laws in place at the time of the statutes' enactment.

This exclusion is applicable to corporation income tax.

Legal Citation

R.S. 47:287.71(B)(6)

Origin

Acts 1934, No. 21; Acts 1986, 1st Ex. Sess., No. 16, amended by Acts 2015, No. 123; Acts 2016, 1st Ex. Sess., No. 1; Acts 2017, No. 352

Effective Date

Taxable periods beginning on or after January 1, 1935

Related Provision

R.S. 47:287.738(F)

Beneficiaries

Individual and corporate shareholders of national banking corporations

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

16. Subchapter S Corporation

An S corporation is a corporation that elects to be taxed under Subchapter S of the Internal Revenue Code. Unlike a traditional C corporation, an S corporation is generally treated as a pass-through entity for federal income tax purposes. This means the corporation itself does not pay income tax. Instead, its income, loss, deductions, and credits pass through to its shareholders, who report those amounts on their individual income tax returns.

For taxable periods prior to January 1, 2026, S corporations are treated as C corporations for Louisiana state income tax purposes. As a result, S corporations are required to file a Louisiana corporation income tax return and are subject to entity-level tax. However, the corporation can exclude a portion of its Louisiana net income based on the percentage of issued and outstanding shares owned by Louisiana resident individuals on the last day of the tax year. A shareholder's ownership can be counted toward this exclusion only if the shareholder filed a Louisiana income tax return reporting their share of the S corporation's income.

This exclusion is intended to prevent the same income from being taxed twice — once at the corporate level and again at the shareholder level. For reporting purposes, the exclusion is measured as a gross revenue loss on corporate returns without reducing that amount by the taxes paid by shareholders on their individual returns.

Beginning January 1, 2026, S corporations are treated as pass-through entities for Louisiana state income tax purposes aligning with federal treatment. All items of income, loss, deduction, and credit of the S corporation must be reported on the shareholders' Louisiana income tax returns. In addition, a Qualified Subchapter S Subsidiary (QSub) will be treated as a disregarded entity, meaning its income, loss, deductions, and credits are reported on the return of its S corporation parent rather than on a separate return. This exclusion is eliminated as unnecessary effective January 1, 2026.

This exclusion is applicable to corporation income tax.

Legal Citation

R.S. 47:287.732

Origin

Acts 1986, 1st Ex. Sess., No. 16, amended by Acts 1989, No. 622; Acts 2002, No. 17

Effective Date

Taxable periods beginning on or after January 1, 1991

Repealed

Repealed for taxable periods beginning on or after January 1, 2026, by Acts 2025, No. 382

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{Exemptions and Exclusions}

16. Subchapter S Corporation *(continued)*

Related Provision

R.S. 47:287.738(F)

Beneficiaries

Subchapter S corporation shareholders

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$660,024,000	\$382,814,000

17. COVID-19 Relief Benefits

Louisiana provides an exemption from income tax for all state and federal COVID-19 relief benefits received by a taxpayer. These benefits include any gratuitous grants, loans, rebates, tax credits, advance refunds, or other qualified disaster relief payments, whether provided directly or indirectly by the state or federal government. The purpose of this exemption is to ensure that relief benefits provided to taxpayers are not treated as taxable income.

Covered programs include, but are not limited to, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Taxpayer Certainty and Disaster Relief Act, the COVID-Related Tax Relief Act, the Consolidated Appropriations Act of 2021, the State Coronavirus Relief Program, the Coronavirus Local Recovery Allocation Program, the Louisiana Main Street Recovery Program, and the Critical Infrastructure Worker's Hazard Pay Rebate, as well as any similar current or future relief legislation. However, this exemption does not apply to unemployment compensation benefits received by the taxpayer.

This exemption is applicable to individual and corporation income tax.

Legal Citation

R.S. 47:293(9)(a) and (10), R.S. 47:287.738(H), R.S. 47:297.16

Origin

Acts 2021, No. 54

Effective Date

The exemption applied retroactively and prospectively to exempt all COVID-19 benefits from Louisiana income tax, regardless of when the benefits were received in relation to the enactment of Act 54 which became effective June 4, 2021.

Beneficiaries

Taxpayers in receipt of COVID-19 relief benefits

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$273,000	\$41,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{Exemptions and Exclusions}

18. Digital Nomad

Individuals who meet the criteria of a digital nomad may exclude 50% of their gross wages, up to a maximum of \$150,000, from Louisiana income tax. This exclusion applies exclusively to gross wages earned by a digital nomad through remote work and may be claimed for up to two taxable years during 2022, 2023, 2024, and 2025. The exclusion is limited to a total of 500 eligible taxpayers.

To qualify, an individual must establish residency in Louisiana after December 31, 2021, and must be considered a covered person with major medical health insurance. The individual must work remotely on a full-time basis for a nonresident business, as defined by rule, and must file a Louisiana resident or part-year resident individual income tax return for the year in which the exclusion is claimed.

Additionally, the individual must not have established residency or domicile in Louisiana, nor been required to file a resident or part-year resident tax return, in any of the three years immediately preceding the establishment of residency after December 31, 2021. The majority of employment duties must be performed within the state, either remotely or at a co-working space. The purpose of this exclusion is to encourage remote workers to relocate to Louisiana and contribute to the state's economic development.

This exclusion is applicable to individual income tax.

Legal Citation

R.S. 47:293(9)(a)(xxii) and 297.18

Origin

Acts 2021, No. 387

Effective Date

Taxable periods beginning on or after January 1, 2022

Sunset Date

December 31, 2025

Beneficiaries

Taxpayers who qualify as digital nomads

Estimated Fiscal Effect

The estimated revenue loss is \$10,000 for FYE 6-26; the estimated revenue loss for FYE 6-27 is negligible.

19. Military Pay

For taxable periods beginning after December 31, 2002, and before January 1, 2022, the first \$30,000 of compensation paid to a member of the United States Armed Forces for military services performed outside Louisiana is excluded from state income tax. For tax years beginning on or after January 1, 2022, the exemption increases to the first \$50,000 of compensation. To qualify, the service member must be on active duty, and the duty must be continuous and uninterrupted for at least 120 days. The purpose of this exemption is to recognize and offset the unique burdens of military service.

This exclusion is applicable to individual income tax.

Legal Citation

R.S. 47:293(9)(e)

Origin

Act 2000, No. 34, amended by Acts 2006, 1st Ex. Sess. No. 25; Acts 2007, No. 160; Acts 2021, No. 161

Effective Date

Taxable periods beginning on or after January 1, 2003

Beneficiaries

Military personnel deriving military income outside Louisiana

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$9,288,000	\$9,474,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{Exemptions and Exclusions}

20. Pass-Through Entity Tax Election Exclusion

A resident or nonresident estate, trust, or individual who is a shareholder, partner, or member of a pass-through entity that elects to pay Louisiana income tax at the entity level under R.S. 47:287.732.2 is permitted to exclude from their own taxable income any net income or loss received from that entity. However, this exclusion does not apply to any portion of income that is not taxed at the entity level. The purpose of this exclusion is to prevent double taxation.

This exclusion is applicable to individual and fiduciary income tax.

Legal Citation

R.S. 47:297.14 – *Individual Income*

R.S. 47:300.6(B)(2)(e), R.S. 47:300.7(C)(2)(d) – *Fiduciary Income*

Origin

Acts 2019, No. 442, amended by Acts 2024, 3rd Ex. Sess., No. 11 - *Individual Income*

Acts 2023, No. 450, amended by Acts 2024, 3rd Ex. Sess., No. 11 – *Fiduciary Income*

Effective Date

Taxable periods beginning on or after January 1, 2019 – *Individual Income*

Taxable periods beginning on or after January 1, 2023 – *Fiduciary Income*

Related Provision

R.S. 47:287.732.2, R.S. 47:293(9)(a)(xviii) and (10)

Beneficiaries

Individuals who are shareholders, partners and members of pass-through entities who make the election under R.S. 47:287.732.2

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$72,889,000	\$74,347,000

21. S Bank Income

An S Bank shareholder may exclude from Louisiana income an amount equal to their share of the S Bank's nontaxable income. This nontaxable income refers to the portion of income reported on Form 1120S Schedule K-1, or an equivalent document, that is attributable to the net earnings used in calculating the S Bank's shares tax under R.S. 47:1967. The purpose of this exclusion is to prevent double taxation.

This exclusion is applicable to individual and fiduciary income tax.

Legal Citation

R.S. 47:297.3 – *Individual Income*

R.S. 47:300.6(B)(2)(d), R.S. 47:300.7(C)(2)(c) – *Fiduciary Income*

Origin

Acts 2002, No. 30

Effective Date

Taxable periods beginning on or after January 1, 2003

Beneficiaries

Individuals, trusts, and estates that are S Bank shareholders

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$6,730,000	\$6,596,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Exemptions and Exclusions }

22. Resident Estates and Trusts Exemption

Resident estates and trusts are allowed to exempt up to \$2,500 of their federal taxable income when calculating their Louisiana taxable income. The \$2,500 exemption includes any exemption allowed under IRC section 642(b). The purpose of this exemption is to provide relief to estates and trusts because of their tax treatment at the federal level.

This exemption is applicable to fiduciary income tax.

Legal Citations

R.S. 47:300.6(B)(2)(c)

Origin

Acts 2000, No. 40

Effective Date

Taxable periods beginning on or after January 1, 2001

Beneficiaries

Resident estates and trusts subject to Louisiana income tax

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$600,000	\$570,000

{ Deductions }

23. START Savings Program Contribution

Under the Student Tuition Assistance and Revenue Trust (START) Program, account owners may deduct from their taxable income the amount of money they deposit into an education savings account, up to \$2,400 per beneficiary per taxable year for single filers, and up to \$4,800 per beneficiary per taxable year for joint filers. Taxpayers may also elect to have any portion of their income tax refund deposited into the fund.

Withdrawals from the account used for expenses other than qualified higher education costs, as defined by law, must be included in taxable income. An amendment made in 2001 allows any unused portion of the \$2,400/\$4,800 annual deposit limit to be carried forward to future years if the maximum was not reached. The purpose of this deduction is to encourage contributions to the START Savings Program.

This deduction is applicable to individual income tax.

Legal Citations

R.S. 17:3095(A)(1), R.S. 17:3098, R.S. 47:120.62, R.S. 47:293(9)(a)(vi)

Origin

Acts 2000, No. 45, amended by Acts 2001, No. 332; Acts 2005, No. 292

Effective Date

Taxable periods beginning on or after January 1, 2001

Beneficiaries

All individuals who deposit funds into a qualified education savings account

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$2,985,000	\$2,925,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

24. START K-12 Savings Program Contribution

Under the Louisiana Student Tuition Assistance and Revenue Trust (START) Kindergarten Through Grade Twelve Program, account owners may deduct from their taxable income the amount of money they deposit into an education savings account, up to \$1,200 per account per taxable year for single filers, and up to \$2,400 per account per taxable year for joint filers.

Withdrawals used for expenses other than qualified education expenses, as defined by law, must be included in taxable income. Any unused portion of the annual deposit limit may be carried forward to future years. The purpose of this deduction is to encourage contributions to the START K-12 Savings Program.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 17:3100.5(A)(1), R.S. 47:293(9)(a)(xx)

Origin

Acts 2021, No. 52

Effective Date

Taxable periods beginning on or after January 1, 2022

Beneficiaries

Taxpayers who deposit funds into a qualified education savings account

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$127,000	\$130,000

25. Entity-Level Income Tax Paid to Other States

A deduction is permitted for individual partners, members, or shareholders for their proportionate share of an entity-level tax paid to another state, provided the tax is based solely on net income included in the entity's federal taxable income and does not include any capital component. This deduction applies to taxes paid during the tax year and is limited to the extent that the related income is or was subject to taxation by Louisiana. It serves as a substitute for, and not an addition to, the credit for taxes paid to other states.

This deduction is applicable to individual and fiduciary income tax.

Legal Citation

R.S. 47:33(6)

Origin

Acts 2018, 2nd Ex. Sess., No 6, amended by Acts 2023, No. 413

Effective Date

Taxable periods beginning on or after January 1, 2018

Beneficiaries

Taxpayers that are partners, members, or shareholders of entities that are subject to entity level income taxes imposed by other states whose taxes do not qualify for the credit for taxes paid to other states

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$1,104,000	\$1,126,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

26. Adaptive Home Improvements for Disabled Individuals

Individuals with a permanent disability, as defined by R.S. 51:2232(3), may deduct up to \$5,000 from their taxable income for expenses related to necessary adaptations made to their homes. To qualify, the individual's gross family income must not exceed \$50,000. This deduction aims to provide financial assistance to low-income individuals modifying their homes to accommodate disabilities.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 47:59.1

Origin

Acts 1994, No. 11, amended by Acts 1997, No. 658; Acts 2001, No. 1032

Effective Date

For expenses incurred on or after June 7, 1994

Beneficiaries

Individuals with disabilities who incur qualified home adaptation expenses

Estimated Fiscal Effect

See number 6 in this Section.

27. Dependent/Blind/Aged Exemption/Deduction

Until January 1, 2025, a \$1,000 income tax deduction from the lowest tax bracket was permitted for each dependent, as well as for taxpayers who are blind or aged 65 or older. This deduction was designed to alleviate the tax burden for individuals with dependents and those who are blind or seniors.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 47:79(B), R.S. 47:294(B)

Origin

Acts 1934, No. 21, amended by Acts 1980, No. 316; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after January 1, 1935

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

All individual taxpayers who file a tax return and claim one or more dependents, are blind, or aged 65 or older

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$3,474,000	\$1,737,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

28. Percentage Depletion

Louisiana permits a depletion deduction for oil and gas wells equal to the greater of the federal cost depletion or Louisiana's own percentage depletion. This deduction aims to encourage oil and gas exploration and production.

For corporation income tax returns filed before July 1, 2015, the Louisiana depletion was calculated as 22% of each property's gross income minus 100% of rents or royalties paid, limited to 50% of the property's net income.

For returns filed from July 1, 2015, through June 30, 2018, and for taxable periods beginning in calendar years 2015, 2016, and 2017, Louisiana depletion was adjusted to 15.8% of gross income minus 72% of rents or royalties, limited to 36% of net income. If a filing extension was granted before July 1, 2015, with the return filed by the extended due date, the exemption amount was reduced; however, one-third of the reduced exemption could be claimed in each of the taxable years beginning in 2017, 2018, and 2019.

This deduction applies to fiduciary and corporation income tax.

Legal Citation

R.S. 47:158(C), R.S. 47:287.745 – *Corporation Income*

R.S. 47:300.6(B)(2)(b), R.S. 47:300.7(C)(2)(b) – *Fiduciary Income*

Origin

Acts 1934, No. 21, Acts 1986, 1st Ex. Sess., No. 16, amended by Acts 2015, No. 123; Acts 2018, 2nd Ex. Sess., No. 4 – *Corporation Income*

Acts 1996, No. 41, amended by Acts 1998, No. 61; Acts 2000, No. 40; Acts 2002, No. 30; Acts 2016, 1st Ex. Sess., No. 30 – *Fiduciary Income*

Effective Date

Taxable periods beginning on or after January 1, 1934 – *Corporation Income*

Taxable periods beginning on or after January 1, 1997 – *Fiduciary Income*

Beneficiaries

Taxpayers with percentage depletion on oil and gas properties that is greater than their cost depletion

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$228,000	\$223,000

29. Net Louisiana Operating Loss

The Net Operating Loss (NOL) deduction permits a corporation to apply losses incurred in one tax year against income earned in other tax years. The purpose of the deduction is to provide flexibility in measuring taxable income by allowing losses to offset income across different years.

For losses arising in tax years beginning on or after January 1, 2001, the applicable carryforward period depends on the date the return is filed.

For returns filed on or after July 1, 2015, and before January 1, 2022, NOLs may be carried forward for up to 20 years, regardless of the tax year in which the loss was incurred. During this period, the deduction is limited to 72% of both the available net operating loss and the corporation's net income for the year.

For returns filed on or after January 1, 2022, NOLs attributable to tax years beginning on or after January 1, 2001, may be carried forward indefinitely until fully utilized. The indefinite carryforward provision supersedes the prior twenty-year limitation for such returns.

Prior to July 1, 2015, corporations were permitted to carry NOLs back three years and forward 15 years, and there was no limitation on the amount of the deduction. If an extension was granted prior to July 1, 2015, and the return was timely filed by the extended due date, the deduction is reduced; however, one-third of the reduced amount may be claimed in each of the 2017, 2018, and 2019 taxable years.

With respect to ordering rules, NOLs were originally required to be applied beginning with the earliest loss year. Beginning with the 2017 tax year, corporations were required to apply losses starting with the most recent loss year. This change was reversed for the 2020 tax year, restoring the requirement that NOLs be applied beginning with the earliest loss year.

Legal Citations

R.S. 47:246, R.S. 47:287.86

Origin

Acts 1979, No. 586, amended by Acts 1986, 1st Ex. Sess., No. 16; Acts 2015, Nos. 103 and 123; Acts 2016 1st Ex. Sess., Nos. 6 and 24; Acts 2016, 2nd Ex. Sess., No. 2; Acts 2018, 2nd Ex. Sess., No. 4; Acts 2019, No. 304; Acts 2021, No. 459

Effective Date

Taxable periods beginning on or after January 1, 1979

Beneficiaries

Corporations that have losses that can be offset against income earned in other years

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

29. Net Louisiana Operating Loss *(continued)*

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$341,006,000	\$334,186,000

30. Corporation Standard Deduction

Taxpayers subject to the corporation income tax under R.S. 47:287.11 are allowed a standard deduction of \$20,000 from their federal gross income tax. The purpose of this deduction is to shelter a portion of income from state income tax. The amount of the deduction is limited to a taxpayer's taxable income.

This deduction is applicable to corporation income tax.

Legal Citation

R.S. 47:287.71(9)

Origin

Acts 2024, 3rd Ex. Sess., No. 5

Effective Date

Taxable periods beginning on or after January 1, 2025

Beneficiaries

All taxpayers who file a corporation income tax return

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect. The effective date for this deduction is January 1, 2025, and there is currently insufficient data to assess its impact.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

31. I.R.C. Section 280E Expense

A deduction is permitted for expenses disallowed under Internal Revenue Code Section 280E. While federal law prohibits claiming expenses related to businesses trafficking controlled substances, this deduction allows Louisiana taxpayers to reduce their federal taxable income by the amount of expenses disallowed federally that are associated with the production or dispensing of therapeutic marijuana. This deduction is limited to taxpayers licensed under Louisiana law, specifically Part X-E, Chapter 4, Title 40 of the Louisiana Revised Statutes.

This deduction is applicable to corporation income tax.

Legal Citation

R.S. 47:287.73(C)(1)

Origin

Acts 2019, No. 331

Effective Date

Expenses incurred on or after July 1, 2019

Beneficiaries

Corporations who are licensed through the state of Louisiana to produce or dispense therapeutic marijuana

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no data on this deduction.

32. I.R.C. Section 280C Expense

Until January 1, 2025, an income tax deduction was allowed for expenses disallowed under Internal Revenue Code Section 280C, which prohibits taxpayers from both claiming certain federal tax credits and deducting the related expenses. Section 280C requires a reduction in the federal deduction equal to the amount of the credit claimed. Louisiana allowed taxpayers to deduct the amount of those disallowed expenses for state income tax purposes, thereby reducing their federal taxable income.

For returns filed on or after July 1, 2015, but before June 30, 2018—regardless of the applicable tax year—and for tax periods beginning in calendar years 2015, 2016, and 2017, the deduction was limited to 72% of the expenses disallowed under Section 280C. If an extension was granted prior to July 1, 2015, and the return was filed by the extended due date, the deduction was reduced. However, one-third of the reduced portion could be claimed in each of the tax years beginning in 2017, 2018, and 2019.

This deduction is applicable to corporation income tax.

Legal Citation

R.S. 47:287.73(C)(4) – *Corporation Income*

R.S. 47:293(9)(a)(ix) – *Individual Income*

Origin

Acts 1986, 1st Ex. Sess., No. 16, amended by Acts 2015, No. 123; Acts 2018, 2nd Ex. Sess., No. 4; Acts 2024, 3rd Ex. Sess., No. 11 – *Corporation Income*

Acts 2006, 1st Ex. Sess., No. 25 – *Individual Income*

Effective Date

Expenses incurred on or after December 24, 1986

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Corporations claiming certain credits on their federal returns

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$1,209,000	\$121,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

33. Interest Income and Dividend Income

A deduction from gross income is allowed for corporations for the full amount of interest and dividend income included on the taxpayer's federal income tax return. This provision is intended to prevent double taxation of investment income at both the federal and state levels.

For returns filed on or after July 1, 2015, but before June 30, 2018—regardless of the tax year involved—and for tax periods beginning in calendar years 2015, 2016, and 2017, the deduction for dividend income was limited to 72% of the amount that would otherwise be included in gross income.

If an extension was granted prior to July 1, 2015, and the return was filed by the extended due date, the deduction was reduced. However, one-third of the reduced portion could be claimed in each of the tax years beginning in 2017, 2018, and 2019.

This deduction is applicable to corporation income tax.

Legal Citation

R.S. 47:287.738(F)

Origin

Acts 2005, No. 401, amended by Acts 2015, No. 123; Acts 2018, 2nd Ex. Sess., No. 4

Effective Date

Taxable periods beginning on or after January 1, 2006

Beneficiaries

Taxpayers who have received interest income or dividend income that was included on their federal income tax return

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no data on this deduction.

34. Hurricane Recovery Entity Benefits

Individuals and corporations that receive funds from designated hurricane recovery entities and were required to report those funds on their federal tax returns are allowed a corresponding deduction for state income tax purposes. This deduction applies to recovery benefits provided by the Road Home Corporation, the Louisiana Recovery Authority, the Louisiana Family Recovery Corps, the Disaster Recovery Unit, and the Restore Louisiana program, specifically for recovery efforts related to the Great Flood of 2016. The purpose of this deduction is to shelter recovery benefits from income tax.

For corporation income tax returns filed from July 1, 2015, through June 30, 2018, and for taxable periods beginning during calendar years 2015, 2016, and 2017, regardless of the return filing date, the deduction was limited to 72% of the funds received. If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the deduction was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

This deduction is applicable to individual and corporation income tax.

Legal Citation

R.S. 47:287.738(G) – *Corporation Income*

R.S. 47:293(5) – *Individual Income*

Origin

Acts 2007, No. 247, amended by Acts 2011, No. 401; Acts 2015, No. 123; Acts 2018, 2nd Ex. Sess., No. 4

Effective Date

All hurricane recovery benefits received, without regard to receipt date, including those received before, on, or after July 6, 2007.

Beneficiaries

Taxpayers who have received hurricane recovery benefits that were included on their federal income tax return

Estimated Fiscal Effect

The revenue loss for FYE 6-26 and FYE 6-27 is negligible.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

35. Bonus Depreciation and Amortization

Taxpayers can immediately deduct 100% of the cost of certain qualified property, qualified improvement property, and certain research and experimental expenditures in lieu of recovering those costs over time through standard depreciation or amortization. For purposes of the deduction, “qualified improvement property,” “qualified property,” and “research and experimental expenditures,” have the same meanings as defined in Internal Revenue Code Sections 168(e)(6), 168(k), and 174, respectively. The deduction can be taken in the year the property is placed in service. The purpose of this deduction is to encourage businesses to invest in equipment, machinery, and other capital assets in Louisiana.

This deduction is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

R.S. 47:287.744 – *Corporation Income*

R.S. 47:297.25 – *Individual Income*

R.S. 47:300.6 and 300.7 – *Fiduciary Income*

Origin

Acts 2024, 3rd Ex. Sess., No. 5

Effective Date

Taxable periods beginning on or after January 1, 2025

Beneficiaries

Capital-intensive businesses, startups, and other taxpayers who purchase qualifying property and place it in service in Louisiana

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect. The effective date for this deduction is January 1, 2025, and there is currently insufficient data to assess its impact.

36. Construction Code Retrofitting

Louisiana allows an income tax deduction for homeowners who claim the homestead exemption and voluntarily retrofit their homes to meet or exceed the State Uniform Construction Code or the Fortified Home Standard of the Insurance Institute for Business and Home Safety. Voluntary retrofitting means the work is not required for new construction or to repair damage.

The deduction equals 50% of qualified costs, reduced by any other government incentives, and is limited to \$10,000 per home for taxable periods beginning on or after January 1, 2026. The deduction must be claimed in the year in which the work is completed, and homeowners who claim it may also qualify for grant funds through the Louisiana Fortify Home Program.

For taxable periods on or after January 1, 2007, but before January 1, 2026, the deduction is 50% of qualified costs, reduced by any other government incentives, and is limited to \$5,000 per home.

The purpose of this deduction is to encourage homeowners to meet or exceed construction standards provided by the State Uniform Construction Code or the Fortified Home Standard of the Insurance Institute for Business and Home Safety.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 47:293(2)(a)(i)

Origin

Acts 2007, No. 467, amended by Acts 2023, No. 262; Acts 2025, No. 473

Effective Date

Taxable periods beginning on or after January 1, 2008

Beneficiaries

Individual taxpayers who voluntarily make improvements to their primary residence to meet or exceed the State Uniform Construction Code or Fortified Home Standards

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$35,000	\$70,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

37. Excess Federal Itemized Deductions

Taxpayers are allowed an income tax deduction equal to 100% of their federal itemized deductions that exceed the federal standard deduction for tax periods beginning on and after January 1, 2009, but before January 1, 2022.

For tax periods beginning on or after January 1, 2022, Louisiana taxpayers are allowed an income tax deduction for federal itemized deductions which are medical expenses that exceed the amount of the federal standard deduction. The purpose of this deduction is to reduce a taxpayer's state individual income tax liability by allowing certain federally disallowed deductions to be recognized at the state level.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 47:293(3)

Origin

Acts 1980, No. 316, amended by Acts 2000, No. 38; Acts 2002, No. 24; Acts 2002, No. 51; Acts 2007, No. 399; Acts 2021, No. 395

Effective Date

Reestablished August 15, 2007, for taxable periods beginning on or after January 1, 2007

Beneficiaries

Individual taxpayers who itemize their federal deductions

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$14,720,000	\$14,426,000

38. Net Capital Gains

Until January 1, 2025, taxpayers could deduct from income an amount equal to the amount of net capital gains that arise from the sale or exchange of an equity interest in, or substantially all of the assets of, a nonpublicly traded business entity commercially domiciled in Louisiana. This deduction was only available for gains that are recognized and treated as capital gains for federal income tax purposes. The purpose of this deduction is to encourage businesses to be domiciled in Louisiana.

For sales or exchanges occurring before June 28, 2016, the full amount of the gain included in federal adjusted gross income qualified for the deduction. For transactions occurring on or after June 28, 2016, and before January 1, 2025, the deduction is available only if the business was both held and commercially domiciled in Louisiana for at least five (5) years immediately prior to the sale or exchange. The amount of the deduction is determined by the length of commercial domicile, as shown below.

This deduction is applicable to individual income tax. Although repealed, gains from installment sales which closed prior to January 1, 2025, can still be deducted.

Length of Commercial Domicile Deduction	Amount of Deduction
At least 5 years but less than 10 years	50%
At least 10 years but less than 15 years	60%
At least 15 years but less than 20 years	70%
At least 20 years but less than 25 years	80%
At least 25 years but less than 30 years	90%
30 or more years	100%

Legal Citation

R.S. 47:293(9)(a)(xvii) and 293.2

Origin

Acts 2009, No. 457, amended by Acts 2016, 2nd Ex. Sess., No. 11; Acts 2023, No. 242

Effective Date

Taxable periods beginning on or after January 1, 2010

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Investors in non-publicly traded companies domiciled in Louisiana

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

38. Net Capital Gains *(continued)*

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$42,101,000	\$4,210,000

39. Louisiana Fortify Homes Program Grants

Grant amounts received from the Louisiana Fortify Homes Program pursuant to R.S. 22:1483.1, are excluded from tax table income for purposes of individual income tax. This exemption is applicable to grant amounts received on or after January 1, 2025. The purpose of this deduction is to encourage installation of a fortified roof and provide relief to those participating in the program.

This exemption is applicable to individual income tax.

Legal Citation

R.S. 22:1483.1(F); R.S. 47:293(9)(a)(xxvii)

Origin

Acts 2025, No. 32

Effective Date

Taxable periods beginning on or after January 1, 2025

Beneficiaries

Recipients of the Louisiana Fortify Homes Program Grants

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; the effective date for this deduction is January 1, 2025, and there is insufficient data currently available to fully assess the impact.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

40. Deposits to ABLE Accounts

Achieving a Better Life Experience Account Program (“ABLE”) account owners may exclude up to \$2,400 of qualifying contributions per beneficiary, per tax year if filing a single return, and up to \$4,800 of qualifying contributions 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 purpose of the exclusion is to encourage savings for individuals with a qualifying disability.

The exclusion is applicable to individual income tax.

Legal Citation

R.S. 17:3088; R.S. 47:293(9)(a)(xxvii)

Origin

Acts 2025, No. 110

Effective Date

Taxable periods beginning on or after January 1, 2026

Beneficiaries

Account owners of ABLE accounts

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect. The effective date for this deduction is January 1, 2026, and there is currently insufficient data to assess its impact.

41. Personal Exemption-Standard Deduction

Louisiana permits a personal, standard deduction. The primary purpose of this provision is to provide tax relief by exempting a baseline amount of income from taxation.

For taxable periods prior to January 1, 2025, a combined personal exemption/standard deduction of \$4,500 is allowed for individuals filing single or married separate and \$9,000 for individuals filing joint returns, as a qualified surviving spouse, or as head of household. This deduction is applied against the lowest tax bracket.

For taxable periods on or after January 1, 2025, taxpayers are entitled to an income tax deduction from tax table income in the form of a standard deduction of \$12,500 for single and married-separate filers, and for twice that amount for those filing jointly, as a qualifying surviving spouse, or as head of household. Beginning January 1, 2026, these amounts are adjusted annually for inflation.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 47:294(A)

Origin

Acts 1934, No. 21, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after January 1, 1934

Beneficiaries

All individual taxpayers who file a tax return

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$326,251,000	\$407,814,000

The fiscal effect assumes no restrictions on eliminating this deduction. Assuming that to reduce this deduction below the levels in effect January 1, 1974, would require a constitutional amendment, 58% of the fiscal effect should be considered constitutionally protected.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

42. Recreation Volunteer

Individuals who volunteer with a recreation department for at least 30 hours within a calendar year are eligible for a \$500 individual income tax deduction. To qualify, the volunteer must obtain written certification from the recreation department verifying completion of the required service hours. This deduction is intended to recognize and encourage volunteer service within local recreational programs.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 47:293(7)(a)

Origin

Acts 2007, No. 458

Effective Date

Taxable periods beginning on or after January 1, 2007

Beneficiaries

Communities where individuals volunteer with their recreation departments

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$28,000	\$29,000

43. Volunteer Firefighter

A \$500 income tax deduction is available to individual taxpayers who serve as volunteer firefighters, provided they meet specific criteria. To qualify, the individual must complete at least 24 hours of continuing education within the calendar year and must either be an active member of the Louisiana State Fireman's Association or be listed on the personnel roster for the State Fire Marshal's Volunteer Fireman's Insurance Program. This deduction is designed to support and incentivize the service and ongoing training of volunteer firefighters in Louisiana.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 47:293(7)(a)

Origin

Acts 2007, No. 458

Effective Date

Taxable periods beginning on or after January 1, 2007

Beneficiaries

Volunteer firefighters

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$39,000	\$38,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

44. Elementary & Secondary School Tuition

Resident individuals with dependents who attend qualifying schools are allowed an income tax deduction for certain educational expenses. Eligible institutions include nonpublic elementary or secondary schools that meet the requirements set forth in *Brumfield, et al. v. Dodd*, et al. 425 F. Supp. 528 and Section 501(c)(3) of the Internal Revenue Code, as well as public elementary or secondary laboratory schools operated by a public college or university.

The deduction applies to tuition, fees, uniforms, textbooks, and other school-required supplies purchased on or after January 1, 2009. The student must be claimed as a dependent on the taxpayer's current or prior year return. This provision is intended to ease the financial burden on families who incur out-of-pocket educational expenses for their dependents.

For taxable periods on or after January 1, 2008, but before January 1, 2011, the deduction is equal to 50% of the tuition and fees per dependent.

For taxable periods on or after January 1, 2011, the deduction is equal to the full amount paid, up to \$5,000 per dependent. The per dependent cap increased to \$6,000 beginning January 1, 2024.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 47:297.10

Origin

Acts 2008, 2nd Ex. Sess., No. 8, amended by Acts 2009, Nos. 460 and 451; Acts 2011, No. 121; Acts 2023, No. 423

Effective Date

Expenses paid on or after January 1, 2009

Beneficiaries

Taxpayers with dependents attending a qualifying elementary or secondary school

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$18,631,000	\$19,004,000

45. Educational Expenses for Home-schooled Children

Resident individuals in Louisiana with dependents who are home-schooled are allowed an income tax deduction for certain educational expenses. This provision is intended to ease the financial burden on families who homeschool their children and incur educational expenses.

The deduction applies to textbooks and curricula necessary for home-schooling purchased on or after January 1, 2009. To qualify, the student must be claimed as a dependent on the taxpayer's current or prior year tax return.

The deduction is equal to 50% of the qualified educational expenses for each dependent, limited to \$5,000. Beginning with the 2024 tax year, the deduction limit increases to \$6,000.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 47:297.11

Origin

Acts 2008, 2nd Ex. Sess., No. 8, amended by Acts 2009, Nos. 451 and 460; Acts 2023, No. 423

Effective Date

Expenses paid on or after January 1, 2009

Beneficiaries

Taxpayers who are home-schooling their dependents

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$449,000	\$458,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

46. Fees and Other Educational Expenses for a Quality Public Education

Resident individuals in Louisiana with dependents attending a public elementary or secondary school are allowed an income tax deduction for certain educational fees or expenses. This provision is intended to ease the financial burden on families that incur educational expenses.

The deduction applies to uniforms, textbooks, and other supplies required by the school for the dependent purchased on or after January 1, 2009. To qualify, the student must be claimed as a dependent on the taxpayer's current or prior year tax return.

The deduction is equal to 50% of the qualified educational expenses for each dependent, limited to \$5,000. Beginning with the 2024 tax year, the deduction limit increases to \$6,000.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 47:297.12

Origin

Acts 2008, 2nd Ex. Sess., No. 8, amended by Acts 2009, Nos. 451 and 460; Acts 2023, No. 423

Effective Date

Expenses paid on or after January 1, 2009

Beneficiaries

Taxpayers with dependents attending a public elementary or secondary school

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$2,827,000	\$2,884,000

47. Employment of Qualified Disabled Individuals

A deduction from income is allowed for each taxpayer who provides continuous employment to a qualified disabled individual within Louisiana. The purpose of this deduction is to encourage the employment of certain disabled individuals.

To be eligible, the taxpayer must have employed the qualified individual with a disability for at least four continuous months, working no less than an average of 20 hours per week, at a rate comparable to and in the same setting as other employees performing the same or similar tasks.

This deduction is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

R.S. 47:297.13

Origin

Acts 2015, No. 117

Effective date

Individuals employed on or after June 19, 2015

Beneficiaries

Taxpayers that employ qualified disabled individuals within Louisiana

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

48. COVID-19 Educational Expenses

Resident individuals with dependents attending a public elementary or secondary school, a nonpublic elementary or secondary school that meets the criteria set forth in *Brumfield, et al. v. Dodd, et al.* 425 F. Supp. 528 and Section 501(c)(3) of the Internal Revenue Code, or any public elementary or secondary laboratory school operated by a public college or university, were allowed an income tax deduction for educational coaching services for an in-person facilitator of virtual education paid or incurred between March 13, 2020, and December 31, 2020, due to the COVID-19 pandemic.

This deduction applied to a child claimed as a dependent on the current or prior year's tax return and equaled the actual amount paid, limited to \$5,000 per child.

An "in-person facilitator of virtual education" is someone who provided in-person instruction or assistance to one or more elementary or secondary school students. The facilitator must have been at least 18 years old at the time of service or, if younger than 18, must have graduated from high school. The facilitator could not be the taxpayer, the taxpayer's spouse, the taxpayer's child, the spouse of the taxpayer's child, the taxpayer's siblings or their spouses, the taxpayer's parents, or the parents of the taxpayer's spouse.

Expenses claimed for this deduction could not also be claimed for the Elementary and Secondary School Tuition Deduction, Educational Expenses for Home-schooled Children Deduction, Educational Expenses for a Quality Public Education Deduction, or the Child Care Credit. The purpose of this deduction was to provide relief for extra expenses incurred by families during the COVID-19 pandemic.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 47:297.15

Origin

Acts 2020, 2nd Ex. Sess., No. 13

Effective date

Expenses paid or incurred between March 13, 2020, and December 31, 2020

Beneficiaries

Taxpayers who paid for educational coaching services during COVID-19 pandemic

Estimated Fiscal Effect

The estimated revenue loss is negligible for FYE 6-26; the estimated revenue loss for FYE 6-27 is \$0. The exemption was effective for tax year 2020 only.

49. Private Adoption of Certain Infants

An individual taxpayer is allowed a \$5,000 income tax deduction for adopting an unrelated infant under one year of age through a private agency, as defined in Children's Code Article 1169(1), or through an attorney. The infant's age is determined at the time of adoption placement.

This deduction is claimed in the year the adoption becomes final and is in lieu of the \$1,000 dependency deduction authorized under R.S. 47:294. The purpose of this deduction is to encourage private adoptions in Louisiana.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 47:297.21

Origin

Acts 2021, No. 378

Effective date

Taxable periods beginning on or after January 1, 2022

Beneficiaries

Taxpayers who adopt certain infants from an attorney or private agency

Estimated Fiscal Effect

See number 57 in this Section.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

50. Hardship Retirement Distribution

A tax deduction is allowed for hardship withdrawals from retirement accounts when the distribution is due to a serious and urgent financial need, as defined by the retirement plan. To qualify, the taxpayer—or the taxpayer's spouse, if filing jointly—must be diagnosed with a terminal illness by a licensed physician. The purpose of this deduction is to provide financial relief to taxpayers forced to make a hardship withdrawal.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 47:293(9)(a)(xxvii) and 293.26

Origin

Acts 2025, No. 251

Effective date

Taxable periods beginning on or after January 1, 2026

Beneficiaries

Taxpayers receiving an eligible hardship distribution from their retirement account in the event of terminal illness

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect. The effective date for this deduction is January 1, 2026, and there is currently insufficient data to assess its impact.

51. Bank-Holding Corporations

Bank-holding corporations are allowed a deduction from their franchise taxable base for the portion of their assets used to finance the operation of their subsidiary banks. To qualify, the investments in and advances to the subsidiaries must be included in the taxable capital of the holding corporation. This deduction aims to prevent double taxation of these assets—first by the holding company and then by the subsidiary bank.

This deduction is applicable to corporation franchise tax.

Legal Citation

R.S. 47:602(B)

Origin

Acts 1970, No. 385

Effective date

Taxable periods beginning on or after January 1, 1971

Repealed

Repealed for taxable periods beginning on or after January 1, 2026, by Acts 2024, 3rd Ex. Sess., No. 6

Beneficiaries

Bank holding corporations and shareholders

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no data on this deduction.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

52. Public-Utility Holding Corporations

A regulated public-utility holding corporation may deduct from its franchise taxable base the portion of its assets used to finance its subsidiaries' operations. This deduction is calculated by multiplying the total investments in and advances to its subsidiary corporations by the corporation's Louisiana franchise tax apportionment percentage. To qualify, these investments and advances must be included in the taxable capital of the holding corporation. However, public-utility holding companies are subject to a minimum annual corporation franchise tax of \$100,000. The purpose of this deduction is to encourage corporations to relocate their principal office to Louisiana.

This deduction is applicable to corporation franchise tax.

Legal Citation

R.S. 47:602(C)

Origin

Acts 1973, No. 119, amended by Acts 1994, No. 40

Effective date

Investments and advances made on or after June 19, 1973

Repealed

Repealed for taxable periods beginning on or after January 1, 2026, by Acts 2024, 3rd Ex. Sess., No. 6

Related Provision

R.S. 47:602(G)(4)

Beneficiaries

Public-utility holding companies who own subsidiary corporations and who locate their home office in Louisiana and their shareholders

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no data on this deduction.

53. Public Water Utility Companies

Corporations that have one or more subsidiary public water utility corporations are allowed to deduct the amounts of their investments in and advances to these subsidiaries from their taxable capital for franchise tax purposes. To qualify for this deduction, the investments and advances must be included in the taxable capital of the holding corporation. The purpose of this deduction is to ensure that these assets are taxed only at the subsidiary corporation level, preventing double taxation.

This deduction is applicable to corporation franchise tax.

Legal Citation

R.S. 47:602(D)

Origin

Acts 1990, No. 385

Effective Date

Taxable periods beginning on or after January 1, 1991

Repealed

Repealed for taxable periods beginning on or after January 1, 2026, by Acts 2024, 3rd Ex. Sess., No. 6 §3

Beneficiaries

Public utility water corporations with investments in and advances to subsidiary corporations and shareholders of public utility water corporations

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no data on this deduction.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

54. Members of Controlled Groups that Include a Telephone Corporation

For corporation franchise tax purposes, any corporation that is part of a controlled group which includes a telephone corporation regulated by the Louisiana Public Service Commission is allowed to deduct, from its taxable capital, its investment in and advances to any member of the controlled group, provided these amounts are included in its taxable capital. The purpose of this deduction is to eliminate double taxation on investments in and advances to affiliated corporations within the controlled group that includes a telephone company.

This deduction is applicable to corporation franchise tax.

Legal Citation

R.S. 47:602(E)

Origin

Acts 1994, No. 134

Effective Date

Taxable periods beginning on or after January 1, 1994

Repealed

Repealed for taxable periods beginning on or after January 1, 2026, by Acts 2024, 3rd Ex. Sess., No. 6 §3

Beneficiaries

Corporations in a controlled group having as a member of such group a telephone corporation regulated by the Louisiana Public Service Commission

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no data on this deduction.

55. Holding Company

Corporations with one or more subsidiaries are allowed to deduct from their taxable capital the amounts of their investment in and advances to these subsidiary corporations. To qualify for this deduction, the investments in and advances to subsidiaries must be included in the taxable capital of the holding corporation. The purpose of this deduction is to ensure these assets are taxed only at the subsidiary corporation level. A subsidiary, for this deduction, is defined as any corporation subject to franchise tax in which at least 80% of the voting and nonvoting power of all classes of stock, membership, partnership, or other ownership interests are owned, directly or indirectly, by a corporation subject to the franchise tax under R.S. 47:601(A).

This deduction is applicable to corporation franchise tax.

Legal Citation

R.S. 47:602(G)

Origin

Acts 2016, 1st Ex. Sess., No. 12

Effective Date

Taxable periods beginning on or after January 1, 2017

Repealed

Repealed for taxable periods beginning on or after January 1, 2026, by Acts 2024, 3rd Ex. Sess., No. 6

Beneficiaries

Corporations whose subsidiary corporations are subject to franchise tax

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no data on this deduction.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

56. Regulated Utility Companies

Certain regulated public utility companies are allowed to deduct from surplus those accounts representing assets for which no money, service, or thing of value was paid by the utility companies, except for the regulated service or product. The purpose of this deduction is to ensure equal tax treatment between regulated and non-regulated utility companies.

This deduction is applicable to corporation franchise tax.

Legal Citation

R.S. 47:605(C), R.S. 47:606(E)

Origin

Acts 1992, No. 156, amended by Acts 2008, 2nd Ex. Sess., No. 10

Effective Date

Taxable periods beginning on or after January 1, 1993

Repealed

Repealed for taxable periods beginning on or after January 1, 2026, by Acts 2024, 3rd Ex. Sess., No. 6 §3

Beneficiaries

Public utility companies that are required by their regulatory authority to increase assets and surplus by amounts meeting the statutes' criteria

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no data on this deduction.

57. Adoption from Foster Care

An individual taxpayer who adopts a child in foster care, as defined in Children's Code Article 603, or adopts a youth receiving extended foster care services under the Extended Foster Care Program Act, may claim a \$5,000 deduction from taxable income. This deduction is in lieu of the standard \$1,000 dependency deduction provided for under R.S. 47:294 that was available for taxable periods beginning before January 1, 2025. The deduction is applied in the year the adoption is finalized. The purpose is to encourage adoption of children in foster care.

This deduction is applicable to individual income tax.

Legal Citation

R.S. 47:297.20

Origin

Acts 2021, No. 378, amended by Acts 2025, No. 349

Effective Date

Taxable periods beginning on or after January 1, 2025

Beneficiaries

Taxpayers who adopt youth or children from foster care

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$27,000	\$28,000

Note: This amount includes the total revenue loss for the deduction for private adoption of certain infants. See number 49 in this Section.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Deductions }

58. Military Family Assistance Fund

Activated military personnel or family members of activated military personnel who receive payments or awards from the Louisiana Military Family Assistance Fund are allowed an income tax deduction equal to the amount of the payments received from the fund. The purpose of this deduction is to provide financial relief for military personnel or family members of activated military personnel receiving payments or awards from the Louisiana Military Family Assistance Fund.

This deduction is applicable to individual income tax.

Legal Citations

R.S. 47:297.5

Origin

Acts 2005, No. 151

Effective Date

Payments or awards received on or after June 28, 2005

Beneficiaries

Activated military personnel and family members of activated military personnel receiving benefits from the Military Family Assistance Fund

Estimated Fiscal Effect

See number 6 in this Section.

{ Preferential Tax Rate }

59. Franchise Tax Suspension for Certain Businesses

The corporation franchise tax levied at a rate of \$1.50 for each \$1,000, or major fraction thereof, on the first \$300,000 of taxable capital will not apply to small business corporations for franchise tax periods beginning between July 1, 2020, and June 30, 2021. A small corporation is defined as a business that is exercising its charter, qualified to do business, or actually doing business in the state, or owning or using any part of its capital, plant, or other property in this state, which is subject to the corporation franchise tax and has taxable capital of one million dollars or less.

Acts 2021, No. 389 extended the suspension through franchise tax periods beginning before July 1, 2023. With the passage of Constitutional Amendment No. 2 in November 2021, the \$1.50 rate does not apply to taxable periods beginning on or after January 1, 2023. The purpose of the suspension was to provide relief to small businesses following the hardships of the COVID-19 pandemic.

This exemption is applicable to corporation franchise tax.

Legal Citation

R.S. 47:601.1

Origin

Acts 2020 1st Ex. Sess., No. 15, amended by Acts 2021, No. 389; Acts 2024, 3rd Ex. Sess., No. 11

Effective date

Taxable periods between July 1, 2020, and July 1, 2023

Repealed

Repealed for taxable periods beginning on or after January 1, 2026, by Acts 2024, 3rd Ex. Sess., No. 6 §3

Related Provision

HCR 66 of the 2020 Regular Session

Beneficiaries

Corporations that have taxable capital of one million dollars or less

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no activity is anticipated.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Preferential Tax Rate }

{ Credits }

60. Pass-Through Entity Tax Election

S corporations and other flow-through entities are allowed to elect to file and pay Louisiana income tax on Louisiana-sourced income as if they were C corporations. These electing entities will pay income tax at individual income tax rates. For taxable periods beginning prior to January 1, 2022, the election also allows S corporations and pass-through entities to claim a federal income tax deduction equal to the income tax that the pass-through entity would have paid on its Louisiana income if it had been taxed as a C corporation for federal income tax purposes. All corporation income tax provisions apply to any entity making this election. The purpose of this preferential tax rate is to allow the electing entity to pay the same tax rate that would have been applied to its shareholders, partners, and members had the entity not made the election.

This preferential tax rate is applicable to corporation income tax.

Legal Citation

R.S. 47:287.732.2

Origin

Acts 2019, No. 442, amended by Acts 2023, No. 450; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after January 1, 2019

Related Provision

R.S. 47:297.14

Beneficiaries

Entities who make the election and their shareholders, members and partners

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$97,360,000	\$99,307,000

61. Net Income Taxes Paid to Other States

A nonrefundable income tax credit is allowed for net income taxes paid to other states by Louisiana resident individuals. The purpose of the credit is to prevent double taxation.

For returns filed on or after July 1, 2015, regardless of the taxable year involved, the credit is limited to the amount of Louisiana income tax that would have been due had the income earned in the other state been earned in Louisiana. The credit was also denied for income taxes paid to a state that allowed nonresidents a credit for taxes paid to their state of residence. Although the credit was conditioned on reciprocity, the Louisiana Supreme Court invalidated this limitation in 2018.

If an extension to file was granted prior to July 1, 2015, and the return was filed after that date, one-third of the disallowed portion of the credit could be claimed in each of the taxable years beginning in calendar years 2017, 2018, and 2019.

For taxable periods beginning on or after January 1, 2018, the credit is also limited to the amount computed by multiplying the taxpayer's Louisiana income tax liability by a ratio. The numerator of the ratio is the Louisiana tax table income attributable to other states on which tax has been paid, and the denominator is the taxpayer's total Louisiana tax table income. A taxpayer may not claim both the credit and the deduction afforded by R.S. 47:33(6) for the same net income taxes paid to other states.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:33

Origin

Acts 1946, No. 203, amended by Acts 2015, No. 109; Acts 2018, 2nd Ex. Sess., No. 6; Acts 2023, No. 413

Effective Date

Taxable periods beginning on or after January 1, 1946

Beneficiaries

Louisiana resident individuals who derive taxable income from other states

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$114,505,000	\$112,214,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

62. New Jobs

A nonrefundable tax credit is allowed against income tax for each employee hired into a newly created job. The credit amount depends on whether the new employee is classified as economically disadvantaged or is a resident of a neighborhood with an unemployment rate of 10% or more. Any unused credit can be carried forward for five (5) years. The purpose of this credit is to encourage job creation within Louisiana.

For returns filed prior to July 1, 2015, the total credit is limited to 50% of the corporation's income tax liability.

For returns filed on or after July 1, 2015, regardless of the tax year to which the return applies, the credit is limited to 36% of the tax liability. If a filing extension was granted prior to July 1, 2015, and the return was filed after that date, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning in calendar years 2017, 2018, and 2019. This credit sunset on December 31, 2019.

This credit is applicable to corporation income tax.

Legal Citation

R.S. 47:34, R.S. 47:287.749

Origin

Acts 1978, No. 596, amended by Acts 1986, No. 16; Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

Effective Date

Taxable periods beginning on or after January 1, 1978

Sunset Date

December 31, 2019

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Corporations creating new jobs

Estimated Fiscal Effect

This provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

63. Neighborhood Assistance

A nonrefundable credit is allowed against income tax for businesses that provide neighborhood assistance, job training for individuals, community service, or crime prevention programs designed to upgrade impoverished areas. However, the credit can only be granted with the approval of the Commissioner of Administration. Any unused credit can be carried forward for five (5) years. The total amount of tax credits granted for all approved programs may not exceed 1% of the total state corporation income tax collected in the prior fiscal year. The purpose of this credit is to encourage businesses to support efforts that assist impoverished areas.

For returns filed prior to July 1, 2015, the Commissioner of Administration could approve a credit equal to up to 70% of the actual amount contributed to approved programs. The maximum credit that any corporation could claim annually was \$250,000.

For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the Commissioner may allow a credit equal to up to 50% of the actual amount contributed, with the credit limited to \$180,000 per corporation per year. If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

Legal Citation

R.S. 47:35, R.S. 47:287.753

Origin

Acts 1982, No. 653, amended by Acts 2015, No. 125; Acts 2017, No. 400

Effective date

Services rendered on or after July 22, 1982

Beneficiaries

Residents of impoverished areas of the state

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no activity is anticipated.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

64. Contribution of Tangible Property of a Sophisticated and Technological Nature to Educational Institutions

A nonrefundable tax credit is allowed for contributions of tangible personal property of a sophisticated and technological nature to educational institutions in Louisiana. The purpose of this credit is to incentivize corporations, individuals, estates, and trusts to donate or sell, at a discount, technologically advanced equipment or materials to educational institutions in Louisiana, thereby enhancing educational resources and opportunities.

For returns filed prior to July 1, 2015, the credit is equal to 40% of the property's value. In cases where the property is sold below cost, the credit is equal to 40% of the difference between the price received and the property's value, subject to statutory limitations.

For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is reduced to 29% of the value or the difference in value for below-cost sales, again subject to statutory limitations. If a filing extension was granted prior to July 1, 2015, and the return was filed after that date, one-third of the reduced portion of the credit may be claimed on the taxpayer's return for each of the taxable years beginning in calendar years 2017, 2018, and 2019. The credit sunset on December 31, 2019.

This credit is applicable to individual and corporation income tax.

Legal Citations

R.S. 47:37, R.S. 47:287.755

Origin

Acts 1983, No. 667, and Acts 1986, 1st Ex. Sess., No. 16, amended by Acts 1997, No. 658; Acts 2015, No. 125; Acts 2017, Nos. 400 and 403; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after January 1, 1984

Sunset Date

December 31, 2019

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Educational institutions, students, teachers, the state as a whole, and donors who make a contribution of equipment

Estimated Fiscal Effect

The estimated revenue loss is negligible for FYE 6-26; there is no estimated revenue loss for FYE 6-27. The credit sunset on December 31, 2019.

65. Insurance Company Premium Tax

A nonrefundable income tax credit is allowed against Louisiana income tax for any premium taxes paid by an insurance company to the Insurance Commissioner of the state of Louisiana. The credit is equal to 100% of the amount of premium taxes paid during the preceding 12 months. The purpose of this credit is to offset the burden of premium taxes paid by insurance companies.

For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the amount of the credit was limited to 72% of the premium taxes paid. If a filing extension was granted prior to July 1, 2015, and the return was filed after that date, one-third of the reduced portion of the credit could be claimed on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

The 72% reduction was later repealed by Acts 2017, No. 403, which became effective on June 26, 2017, thereby restoring the credit to 100% of premium taxes paid from that point forward.

This credit is applicable to corporation income tax.

Legal Citations

R.S. 47:227

Origin

Acts 1934, Nos. 21 and 61, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

Effective Date

Taxable periods beginning on or after January 1, 1934

Beneficiaries

Insurance companies that pay premium taxes

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$71,201,000	\$69,777,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

66. Certain Refunds Issued by Utilities

Refunds made by utility companies due to the denial of rate increases may be credited against gross income for income tax purposes. If deducting the refund from gross income would result in a net loss, the utility company has the option to instead elect a nonrefundable income tax credit, subject to specific limitations. The purpose of this credit is to ensure that utility companies' gross income is accurately reflected after rate refunds.

For returns filed on or after July 1, 2015, regardless of the tax year to which the return relates, the credit is limited to a maximum of 72% of the income tax increase caused by the rate refund. If a filing extension was granted prior to July 1, 2015, and the return was filed after that date, one-third of the reduced portion of the credit could be claimed on the utility company's return for each of the tax years beginning in calendar years 2017, 2018, and 2019.

This credit is applicable to corporation income tax.

Legal Citation

R.S. 47:265, R.S. 47:287.664

Origin

Acts 1960, Nos. 1 and 210, amended by Acts 2015, No. 125; Acts 2017, No. 400

Effective Date

Taxable periods beginning on or after January 1, 1960

Beneficiaries

Utility companies making refunds under these circumstances

Estimated Fiscal Effect

The effects of this credit have been replaced by the provisions of the net operating loss statute. (See R.S. 47:287.86) Therefore, as long as §287.86 is valid, there should be no revenue loss.

67. Louisiana Work Opportunity

A nonrefundable income tax credit is allowed for businesses that hire an eligible re-entrant. An "eligible re-entrant" is defined as an inmate or former inmate who is eligible to participate and actively participates in a work release program as provided in R.S. 15:711, 1111, 1199.9, or 1199.10, and meets all criteria outlined in R.S. 15:1199.7. The credit equals 5% of the total wages paid to the eligible re-entrant in an eligible job for 12 consecutive months following their release from imprisonment. This credit is limited to \$2,500 per eligible re-entrant and is earned upon certification from the Department of Public Safety and Corrections or the applicable sheriff. Only one credit may be earned per eligible re-entrant, and the credit can be carried forward for up to five (5) years. The purpose of this credit is to encourage businesses to hire certain individuals that were previously incarcerated.

This credit is applicable to individual and corporation income tax.

Legal Citation

R.S. 47:287.750

Origin

Acts 2021, No. 453, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Individuals employed with a release date occurring on or after January 1, 2021

Sunset Date

No certifications to receive tax credits will be approved for requests received after June 30, 2025. However, any unused credit may be carried forward for the applicable carryforward period.

Beneficiaries

Businesses employing one or more eligible re-entrants

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

68. Certain Disabilities

A nonrefundable individual income tax credit was allowed for individual taxpayers, spouses, or dependents who are blind, deaf, mentally incapacitated, or have lost the use of a limb. The purpose of this credit is to reduce the tax burden for persons with certain disabilities.

For returns filed prior to July 1, 2015, the credit amount was \$100.

For returns filed on or after July 1, 2015, regardless of the tax year, the credit amount is \$72. If a filing extension was granted prior to July 1, 2015, and the return was filed after that date, one-third of the reduced portion of the credit could be claimed on the taxpayer's return for each taxable year beginning during the calendar years 2017, 2018, and 2019. This credit sunset on December 31, 2019.

This credit is applicable to individual income tax

Legal Citation

R.S. 47:297(A)

Origin

Acts 1980, No. 316, amended by Acts 2015, No. 125; Acts 2017, No. 400

Effective Date

Taxable periods beginning on or after January 1, 1980

Sunset Date

December 31, 2019

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Individual taxpayers with certain disabilities

Estimated Fiscal Effect

The estimated revenue loss is negligible for FYE 6-26; there is no estimated revenue loss for FYE 6-27. This credit sunset on December 31, 2019.

69. Special Allowable Credits

A nonrefundable credit was allowed for a percentage of certain federal income tax credits. The purpose of this credit was to allow some of the federal credits to also be applied against the state tax liability.

Beginning in 1975, the use of federal tax as an entry into state tax tables gave taxpayers the benefit of the following credits:

- credit for contributions to candidates for public office
- credit for the elderly
- investment credit
- foreign tax credit
- work incentive credit
- jobs credit
- residential energy credit

In 1980, the method was changed to use federal adjusted gross income to calculate the amount of tax due. Because the change eliminated federal tax credits, this provision was enacted.

Beginning in 1986, the credit was equal to 10% of certain federal income tax credits, limited to \$25.

For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit was equal to 7.2% of the federal income tax credit, limited to \$18. If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

For taxable periods beginning on or after January 1, 2017, the credit was equal to 7% of the federal income tax credit, limited to \$18.

The purpose of this credit was to allow a portion of certain federal credits to also be applied against state tax liability.

This credit was applicable to individual income tax.

Legal Citation

R.S. 47:297(B)

Origin

Acts 1980, No. 316, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

Effective Date

Taxable periods beginning on or after January 1, 1980

Sunset Date

December 31, 2019

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

69. Special Allowable Credits *(continued)*

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Individual taxpayers who are entitled to certain federal credits

Estimated Fiscal Effect

The estimated revenue loss is negligible for FYE 6-26. There is no estimated revenue loss for FYE 6-27. This credit sunset on December 31, 2019.

70. Education

A nonrefundable credit is allowed for each qualified dependent child who was in school, kindergarten through 12th grade, at least part of the year. This credit, enacted in 1980, was suspended beginning with the tax year 1986 through tax year 1995. It was again suspended for tax years 2000 through 2005.

For taxable periods beginning on or after January 1, 2015, the credit was limited to Louisiana residents for dependents attending school in Louisiana who did not claim the elementary and secondary school tuition deduction. For returns filed before July 1, 2015, the credit was equal to \$25 per qualified dependent child. For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit is equal to \$18. If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

The credit has sunset and is no longer available for taxable periods beginning on or after January 1, 2017.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:297(D)

Origin

Acts 1980, No. 316, amended by Acts 2000, No. 38; Acts 2002, No. 25; Acts 2015, Nos. 125 and 140; Acts 2017, No. 375

Effective Date

Taxable periods beginning on or after January 1, 2006

Sunset Date

December 31, 2016

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Individual taxpayers with school age dependent children

Estimated Fiscal Effect

The estimated revenue loss is negligible for FYE 6-26; there is no estimated revenue loss for FYE 6-27. This credit sunset on December 31, 2016.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

71. Small-Town Health Professional

A nonrefundable credit was allowed for qualified doctors, primary nurse practitioners, and dentists who relocated their primary office to certain locations. For any claim for a credit filed on or after July 1, 2015, the credit was equal to the lesser of the tax due or a reduced amount of \$3,600 from the previous \$5,000 per taxable year for up to a maximum of five (5) years. The purpose of this credit is to encourage eligible medical professionals to locate to small towns.

If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

For taxable periods beginning on or after January 1, 2019, Act 338 of the 2019 Regular Session expanded eligibility of the credit to include qualified physician assistants and optometrists. The amount of credit certified by the Department of Health and granted by the Department of Revenue was capped at \$1.5 million per calendar year.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:297(H)

Origin

Acts 1991, No. 1059, amended by Acts 2015, No. 125; Acts 2017, Nos. 342 and 400; Acts 2019, No. 338

Effective Date

Taxable periods beginning on or after January 1, 1991

Sunset Date

December 31, 2020

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Eligible medical professionals who are located in small towns and the hospitals, residents, and patients of that area

Estimated Fiscal Effect

There is no estimated revenue loss for FYE 6-26 or FYE 6-27. There were no claims issued in FYE 6-25. This credit sunset on December 31, 2020.

72. Purchase of Bulletproof Vest

A nonrefundable credit was allowed for the purchase of a bulletproof vest by qualified law enforcement officers and certain employees of the Department of Public Safety and Corrections.

For returns filed prior to July 1, 2015, the credit was for the purchase price of the vest or \$100, whichever was less.

For returns filed on or after July 1, 2015, regardless of the tax year, the credit allowed was equal to 72% of the purchase price or \$72, whichever was less. Only one credit is allowed within a five (5) year period starting from the vest purchase date. If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:297(L)

Origin

Acts 1998, No. 20, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

Effective Date

Taxable periods beginning on or after January 1, 1998

Sunset Date

December 31, 2019

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Law enforcement officers and certain employees of the Department of Public Safety and Corrections

Estimated Fiscal Effect

There is no estimated revenue loss for FYE 6-26 or FYE 6-27. There were no claims issued in FYE 6-25. This credit sunset on December 31, 2019.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

73. Living Organ Donation

A nonrefundable credit was allowed for expenses incurred by a taxpayer related to the taxpayer's or the taxpayer spouse's travel or absence from work due to a living organ donation.

For returns filed prior to July 1, 2015, the credit amount could not exceed \$10,000 per organ donation.

For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit was equal to 72% of the qualifying expenses, limited to \$7,200 per organ donation. If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019. Any unused credit amount can be carried forward for up to ten (10) years.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:297(N)

Origin

Acts 2005, No. 277, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

Effective Date

Donations occurring during taxable periods beginning on or after January 1, 2005

Sunset Date

December 31, 2019; however, taxpayers have ten years to utilize the credit

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Taxpayers making a living organ donation

Estimated Fiscal Effect

There is no estimated revenue loss for FYE 6-26 or FYE 6-27. This credit sunset December 31, 2019.

74. Accessible and Barrier-Free Constructed Home

A nonrefundable credit was allowed for taxpayers who include accessible and barrier-free design elements in the construction of a new one- or two-family dwelling. To qualify, the taxpayer must own the dwelling, claim the homestead exemption on it, and the credit must be taken in the year construction of the dwelling is completed. Only one tax credit could be granted per dwelling.

For tax years beginning before 2018, the credit was the lesser of 72% of the tax due or \$720.

Beginning with the 2018 tax year, the credit amount was \$5,000 or the actual cost of constructing a new dwelling or renovating an existing dwelling, whichever was less. The taxpayer must still own the dwelling and qualify for the homestead exemption. Additionally, the credit was available in cases where the taxpayer enters into a valid lease contract with an individual who has a physical disability requiring accessible features, and that individual resides in the home under the lease terms. Any unused credit can be carried forward for up to five (5) years.

The total amount of credits granted under this provision could not exceed \$500,000 in any calendar year.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:297(P)

Origin

Acts 2011, No. 392, amended by Acts 2015, No. 125; Acts 2017, Nos. 270, 400 and 403

Effective date

Taxable periods beginning on or after January 1, 2012

Sunset Date

December 31, 2019; however, any unused credits can be carried forward for five (5) years.

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Taxpayers who include accessible and barrier-free design elements in either the construction of a new home or renovation of an existing dwelling

Estimated Fiscal Effect

There is no estimated revenue loss for FYE 6-26 or FYE 6-27. There were no claims issued in FYE 6-25. This credit sunset on December 31, 2019.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

75. Employment-Related Expense for Maintaining Household for Certain Disabled Dependents

A nonrefundable credit was allowed for individuals who maintain a household that includes dependents who are physically or mentally disabled. The credit amount was equal to the applicable percentage of employment-related expenses allowed under Section 21 of the Internal Revenue Code. If the credit exceeded the taxpayer's liability, the unused portion could be carried forward to the next tax year. The purpose of this credit is to offer financial relief to taxpayers who bear the cost of caring for dependents with disabilities.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:297.2

Origin

Acts 1996, No. 27, amended by Acts 2017, No. 403

Effective Date

Taxable periods beginning on or after January 1, 1997

Sunset Date

December 31, 2019

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Families with disabled dependents benefit from this credit

Estimated Fiscal Effect

There is no estimated revenue loss for FYE 6-26 or FYE 6-27. There were no claims issued in FYE 6-25. This credit sunset on December 31, 2019.

76. Certain Child Care Expenses

Taxpayers are allowed a credit equal to a percentage of the federal child and dependent care credit that is claimed on a resident's federal income tax return as shown in the chart below. For taxpayers whose federal adjusted gross income is \$25,000 or less the credit is refundable and is allowed even if no federal credit was claimed.

For taxpayers whose federal adjusted gross income exceeds \$25,000, the credit is only available if the federal credit was actually taken. If the federal credit was not claimed—such as when a taxpayer is subject to the alternative minimum tax—then the Louisiana credit is not allowed, because it is directly based on the amount claimed on the federal return. For these taxpayers, the credit is nonrefundable but can be carried forward for five (5) years.

<i>Federal Adjusted Gross Income</i>	<i>Percent of Federal Credit</i>
\$25,000 or less	50%
\$25,001 to \$35,000	30%
\$35,001 to \$60,000	10%
Over \$60,000	Lesser of \$25 or 10%

This provision ensures that lower income taxpayers receive state-level relief even if they do not qualify for or do not claim the federal child and dependent care credit. This credit is applicable to individual income tax.

Legal Citation

R.S. 47:297.4

Origin

Acts 2002, No. 25, amended by Acts 2005, No. 495

Effective Date

Taxable periods beginning on or after January 1, 2003

Beneficiaries

Individual taxpayers who are claiming a child and dependent care credit on their federal income tax return

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$10,425,000	\$10,216,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

77. Rehabilitation of an Owner Occupied Residential or Mixed-Use Property

This provision allowed a refundable credit for part of the cost of rehabilitating an owner-occupied residential or mixed-use property. To qualify, the property must be located in a National Register historic district, a local historic district, a main street district, a cultural products district, or a downtown development district. Properties could also qualify if it was eligible for listing on the National Register or certified by the State Historic Preservation Office. The credit was paid out over five years, with one equal portion claimed each year beginning when the property is first placed in service.

For returns filed before July 1, 2015, the credit was limited to \$25,000 per structure. The amount of expenses eligible for the credit depended on the taxpayer's income. Total credits granted could not exceed \$10 million statewide in any calendar year.

For returns filed on or after July 1, 2015, regardless of the tax year to which the return relates, the credit was limited to \$18,600 per structure, with the percentage of allowable expenses still varying by income level. The statewide cap for total credits granted was reduced to \$7.2 million per calendar year. If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:297.6

Origin

Acts 2005, No. 479, amended by Acts 2007, Nos. 188 and 298; Acts 2015, No. 125; Acts 2017, No. 400

Effective Date

Taxable periods beginning on or after January 1, 2006

Sunset Date

December 31, 2017

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Individuals rehabilitating qualified property

Estimated Fiscal Effect

The estimated revenue loss is negligible for FYE 6-26; there is no estimated revenue loss for FYE 6-27. The credit sunset December 31, 2017.

78. Earned Income Tax Credit

A refundable credit is allowed for residents of Louisiana who are eligible for the federal earned income tax credit. For taxable periods beginning before January 1, 2019, the Louisiana credit is equal to 3.5% of the federal earned income tax credit taken on the resident's federal income tax return.

For taxable periods beginning on or after January 1, 2019, and through December 31, 2030, the credit increases to 5% of the federal earned income tax credit taken on the resident's federal return.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:297.8

Origin

Acts 2007, No. 278, amended by Acts 2018, 2nd Ex. Sess., No. 6; Acts 2021, No. 453

Effective Date

Taxable periods beginning on or after January 1, 2008

Beneficiaries

Individual taxpayers who are claiming the earned income tax credit on their federal income tax return

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$80,288,000	\$81,894,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

79. Amounts Paid by Certain Military Servicemembers for Obtaining Louisiana Hunting & Fishing Licenses

For returns filed prior to July 1, 2015, a refundable credit was allowed for amounts paid by an active or reserve military servicemember, their spouse, or their dependent for obtaining a Louisiana noncommercial hunting or fishing license. The license must be valid only during the time the servicemember is on active duty. This credit does not apply to the purchase of lifetime licenses.

For returns filed on or after July 1, 2015, regardless of the tax year to which it relates, the credit was equal to 72% of the amounts paid. If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019. This credit sunset on December 31, 2019.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:297.9

Origin

Acts 2007, No. 306, amended by Acts 2015, No. 125; Acts 2017, Nos. 400 and 403

Effective Date

Amounts paid on or after July 1, 2007

Sunset Date

December 31, 2019

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Military personnel obtaining Louisiana hunting and fishing licenses

Estimated Fiscal Effect

The estimated revenue loss is negligible for FYE 6-26; there is no estimated revenue loss for FYE 6-27. This credit sunset on December 31, 2019.

80. Stillborn Child

A refundable credit of \$2,000 is allowed for individual taxpayers who have undergone the delivery of a stillborn child. A "stillborn child" is defined according to the requirements outlined in R.S. 47:297.19(B). To be eligible for the credit, the taxpayer must be a Louisiana resident and must claim the credit on the return for the taxable year in which the stillbirth occurred.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:297.19

Origin

Acts 2021, No. 467

Effective Date

Taxable periods beginning on or after January 1, 2022

Beneficiaries

Any taxpayer who delivers a stillborn child

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$74,000	\$73,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

81. Adoption of Unrelated Infant

A refundable credit of \$5,000 is allowed for individual taxpayers who adopt a child unrelated to the taxpayer and under three years old at the time of placement. This credit cannot be claimed for children adopted from foster care. Taxpayers who claim this credit are not eligible to claim the deduction provided in R.S. 47:297.21. The credit is claimed in the year the adoption becomes final.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:297.23

Origin

Acts 2023, No. 452

Effective Date

Adoptions finalized on or after January 1, 2023

Sunset Date

December 31, 2028

Beneficiaries

Taxpayers who adopt an unrelated child through an attorney or private agency

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$311,000	\$317,000

82. Pregnancy Related Death

A refundable income tax credit is allowed for the reasonable funeral and burial expenses associated with a pregnancy-related death of a Louisiana resident. The credit may be claimed by the estate of the deceased. If the estate does not claim it, the individual who actually paid the funeral and burial expenses may do so. The credit amount is equal to the actual reasonable expenses paid or \$5,000, whichever is less, and must be claimed for the taxable year in which the death occurred.

To qualify for the credit, the death must have occurred while the individual was pregnant, during labor and delivery, or within one year after childbirth due to a pregnancy complication, a chain of events initiated by the pregnancy, or the aggravation of an unrelated condition caused by the normal effects of pregnancy.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:297.22

Origin

Acts 2021, No. 470

Effective Date

Taxable periods beginning on or after January 1, 2022

Beneficiaries

Individuals or estates who pay funeral and burial expenses for a pregnancy-related death

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$11,000	\$11,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

83. Firearm Safety Device

A nonrefundable credit is allowed for the purchase of one or more firearm safety devices in an eligible transaction. The credit is equal to the amount of the purchase price limited to \$500. The transaction must be a Louisiana sale conducted by a dealer who is required to collect sales and use tax on the sale of the firearm safety device. Eligible items include safes, gun safes, gun cases, lock boxes, or other devices designed to be or that can be used to store a firearm and which can only be unlocked by a key, combination or other similar means.

The credit may not be claimed for more than one transaction, but multiple qualifying items can be purchased in the single transaction. The amount of credits granted by the Department of Revenue is capped at \$500,000 per calendar year and will be granted on a first-come, first-serve basis. Unused credits may be carried forward five (5) years.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:297.24

Origin

Acts 2023, No. 403, amended by Acts 2025, No. 160

Effective Date

Taxable periods beginning on or after January 1, 2023

Sunset Date

December 31, 2027

Beneficiaries

Taxpayers who purchase eligible firearm safety device

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$199,000	\$203,000

84. Work-Based Learning Tax Credit

Authorizes a nonrefundable tax credit for businesses employing an “eligible apprentice,” “intern,” or “youth worker” as defined therein, for at least 100 hours per taxable period. The credit equals the lesser of \$2.50 per hour worked or \$2,500 per taxable period. Unused credits can be carried forward for up to five (5) years.

Starting 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 \$1 million cap, which can increase by \$1 million each year—up to a maximum of \$7.5 million—if at least 80% of the previous year’s cap is used, as determined by the Louisiana Department of Revenue.

The credit cannot be combined with any other incentive for hiring an eligible apprentice, youth worker, or intern.

This credit is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

47:6003

Related Provision

23:386

Origin

Acts 2025, No. 376

Effective Date

Taxable periods beginning on or after January 1, 2026

Sunset Date

December 31, 2031

Beneficiaries

Employers who hire an eligible apprentice, youth worker, or intern.

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect. The effective date for this credit is January 1, 2026, and there is currently insufficient data to assess its impact.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

85. Purchase of Qualified Recycling Equipment

A nonrefundable credit was allowed for the purchase of new recycling manufacturing or process equipment and/or qualified service contracts. If the equipment was sold before the total credit was claimed, the credit that would have otherwise been allowable could be claimed in the tax year of the sale, but any remaining unused credit is canceled for future periods.

For returns filed prior to July 1, 2015, the credit was calculated as 20% of the cost of the equipment, less any other tax credits received for the purchase, and could not exceed 50% of the taxpayer's liability before the credit. The total amount of credits certified by the Secretary of the Department of Environmental Quality in any calendar year is limited to \$5 million for calendar years prior to July 1, 2015, and \$3.6 million for calendar years on or after July 1, 2015.

For returns filed on or after July 1, 2015, for periods prior to January 1, 2017, the credit was equal to 14.4% of the qualifying purchase or contract. If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

For tax years beginning on or after January 1, 2017, the credit is 14%. The total credits certified in any calendar year are limited to \$3.6 million.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:6005

Origin

Acts 1991, Nos. 359 and 1052, amended by Acts 2005, No. 319; Acts 2015, No. 125; Acts 2016 1st Ex. Sess., No. 29; Acts 2017, No. 400

Effective Date

Reestablished for expenses incurred on or after June 30, 2005

Beneficiaries

Individuals and corporations who invest in qualifying equipment in the state as well as Louisiana citizens who benefit from an improved environment

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$28,000	\$17,000

86. Inventory Tax/Ad Valorem Tax

An income tax credit is allowed for ad valorem property taxes paid to political subdivisions on inventory held by certain manufacturers, distributors, and retailers. The credit was expanded to include certain property held by persons engaged in the short-term rental of such items for periods beginning on or after January 1, 2016.

The credit is nonrefundable for taxes paid on inventory by any manufacturer who claimed the property tax exemption under the Industrial Tax Exemption Program (ITEP) during the same year the inventory taxes were paid, and for taxes paid by any company related to such manufacturer on inventory that is related to the business of such manufacturer.

The credit was fully refundable for returns filed prior to July 1, 2015. For returns filed on or after July 1, 2015, but before July 1, 2016, regardless of the tax year to which it relates, the refundable portion was equal to 100% of the ad valorem taxes paid if the amount paid was less than \$10,000. If the ad valorem taxes paid are \$10,000 or more, only 75% of the excess credit could be refunded with the remaining 25% carried forward for five (5) years.

For returns filed on or after July 1, 2016, if the total amount eligible for the credit is less than or equal to \$500,000, 100% of any excess credit is refundable, and for total eligible amounts above \$500,000, 75% of any excess credit up to a maximum of \$750,000 is refundable. Groups of affiliated companies are required to be treated as one taxpayer for purposes of the limitations on refundability. For returns filed on or after July 1, 2017, only taxpayers that are included on the same consolidated federal income tax return are required to combine their inventory taxes paid in order to determine the amount of the excess credit that is refundable.

For new business entities formed or first registered to do business in Louisiana after April 15, 2016, if the total amount eligible for the credit is less than \$10,000, 100% of any excess credit is refundable, and for total eligible amounts \$10,000 or more, 75% of any excess credit up to a maximum of \$750,000 is refundable.

Taxpayers who paid ad valorem taxes after December 31, 2020, and before April 16, 2021, could elect to treat these payments as having been made on December 31, 2020, for purposes of the credit. For the 2020 tax year only, taxpayers, including members included in a consolidated federal tax return that are treated as one taxpayer, who employed a minimum of 100 full-time employees at each location in the state for whom withholding tax was remitted to LDR

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

86. Inventory Tax/Ad Valorem Tax *(continued)*

for at least one month within each of the first three quarters of calendar year 2020 and the total amount eligible for the credit is less than or equal to \$1 million, 100% of any excess credit was refundable. This election did not apply to any manufacturer who claimed the property tax exemption under the ITEP during the same year the inventory taxes were paid.

For taxable years ending after December 31, 2020, the carryover period for the nonrefundable portion has increased from five (5) years to 10 years.

Entities taxed as a C corporation for federal income tax purposes and estates and trusts subject to the tax provided for in R.S. 47:300.1 are prohibited from earning the credit for payments of ad valorem tax made on or after July 1, 2026. 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 10 years of carryforward for any credit which did not expire prior to January 1, 2025. All entities may continue to claim the credit relative to any carryforward amounts available for credit previously earned.

This credit is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

R.S. 47:6006

Origin

Acts 1991, No. 153, amended by Acts 1994, No. 28; Acts 2002, No. 11; Acts 2005, No. 363; Acts 2015, No. 133; Acts 2016, 2nd Ex. Sess., Nos. 4 and 5; Acts 2017, Nos. 338 and 385; Acts 2020, 2nd Ex. Sess., Nos. 50, 56, and 59; Acts 2024, 3rd Ex. Sess., No. 11; Acts 2025, No. 412

Effective Date

Ad valorem taxes paid on or after July 1, 1992

Beneficiaries

Manufacturers, distributors, and retailers paying ad valorem taxes on inventory

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to assess their impact.

FYE 6-26	FYE 6-27
\$425,727,000	\$196,655,000

87. Ad Valorem Tax on Natural Gas

An income tax credit is allowed for ad valorem property taxes paid to political subdivisions on natural gas held, used or consumed in providing natural gas storage services or operating natural gas storage facilities.

The credit was fully refundable for returns filed prior to July 1, 2015. For returns filed on or after July 1, 2015, but before July 1, 2016, regardless of the tax year to which it relates, the refundable portion was equal to 100% of the ad valorem taxes paid if the amount paid was less than \$10,000. If the ad valorem taxes paid are \$10,000 or more, only 75% of the excess credit could be refunded with the remaining 25% carried forward for five (5) years.

For returns filed on or after July 1, 2016, if the total amount eligible for the credit is less than or equal to \$500,000, 100% of any excess credit is refundable, and for total eligible amounts above \$500,000, 75% of any excess credit up to a maximum of \$750,000 is refundable. Groups of affiliated companies are required to be treated as one taxpayer for purposes of the limitations on refundability. For returns filed on or after July 1, 2017, only taxpayers that are included on the same consolidated federal income tax return are required to combine their inventory taxes paid in order to determine the amount of the excess credit that is refundable.

For new business entities formed or first registered to do business in Louisiana after April 15, 2016, if the total amount eligible for the credit is less than \$10,000, 100% of any excess credit is refundable, and for total eligible amounts \$10,000 or more, 75% of any excess credit up to a maximum of \$750,000 is refundable.

Taxpayers who paid ad valorem taxes after December 31, 2020, and before April 16, 2021, could elect to treat these payments as having been made on December 31, 2020, for purposes of the credit. For the 2020 tax year only, taxpayers, including members included in a consolidated federal tax return that are treated as one taxpayer, who employed a minimum of 100 full-time employees at each location in the state for whom withholding tax was remitted to LDR for at least one month within each of the first three quarters of calendar year 2020 and the total amount eligible for the credit is less than or equal to \$1 million, 100% of any excess credit was refundable. This election did not apply to any manufacturer who claimed the property tax exemption under the ITEP during the same year the inventory taxes were paid.

For taxable years ending after December 31, 2020, the carryover period for the nonrefundable portion has increased from five (5) years to 10 years.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

87. Ad Valorem Tax on Natural Gas *(continued)*

Entities taxed as a C corporation for federal income tax purposes and estates and trusts subject to the tax provided for in R.S. 47:300.1 are prohibited from earning the credit for payments of ad valorem tax made on or after July 1, 2026. 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 10 years of carryforward for any credit which did not expire prior to January 1, 2025. All entities may continue to claim the credit relative to any carryforward amounts available for credit previously earned.

This credit is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

R.S. 47:6006

Origin

Acts 2005, No. 363, amended by Acts 2015, No. 133; Acts 2016, 2nd Ex. Sess., No. 4; Acts 2017, Nos. 338 and 385; Acts 2020, 2nd Ex. Sess., Nos. 50, 56, and 59; Acts 2024, 3rd Ex. Sess., No. 11; Acts 2025, No. 412

Effective Date

Ad valorem taxes paid on or after August 15, 2005

Beneficiaries

Corporations paying ad valorem taxes on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to assess their impact.

FYE 6-26	FYE 6-27
\$13,576,000	\$4,524,000

88. Ad Valorem Tax on Offshore Vessels

A refundable credit is available for ad valorem taxes paid on vessels primarily operating in Outer Continental Shelf Lands Act waters. To qualify, taxpayers must certify to the assessor that the vessel primarily operated in these waters during the calendar year preceding the tax assessment year, and the tax must have been paid without protest to the political subdivision. However, for taxable periods beginning on or after January 1, 2018, if the tax is paid under protest, the taxpayer must notify the Department of Revenue within five (5) business days of filing the lawsuit. The credit equals 100% of the taxes paid.

Additionally, taxpayers who paid ad valorem taxes between January 1, 2021, and April 16, 2021, may elect to treat these payments as if made on December 31, 2020, for credit purposes.

This credit is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

R.S. 47:6006.1

Origin

Acts 1994, 3rd Ex. Sess., No. 59, amended by Acts 2002, No. 11; Acts 2017, No. 418; Acts 2020, 2nd Ex. Sess., No. 56

Effective Date

Ad valorem taxes paid on or after July 7, 1994

Beneficiaries

Corporations paying ad valorem taxes on vessels operating in Outer Continental Shelf Lands Act Waters

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$26,930,000	\$20,743,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

89. Donations to Assist Qualified Playgrounds

A nonrefundable tax credit is available for donations made to qualified playgrounds located in certain economically disadvantaged areas. Donations can be in cash, equipment, goods, or services. The credit aims to encourage contributions to these qualifying playgrounds.

For tax returns filed before July 1, 2015, the credit equaled the lesser of \$1,000 or 50% of the donation's value.

For returns filed on or after July 1, 2015, regardless of the tax year, the credit is the lesser of \$720 or 36% of the donation's value. If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption is reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

This credit is applicable to individual, fiduciary, and corporation income and franchise tax.

Legal Citation

R.S. 47:6008

Origin

Acts 1992, No. 898, amended by Acts 1997, No. 658; Acts 2002, No. 11; Acts 2015, No. 125; Acts 2016, 1st Ex. Sess., No. 29; Acts 2017, No. 400

Effective Date

Taxable periods beginning on or after January 1, 1993

Beneficiaries

Economically depressed areas benefit from this credit, which should help to improve the quality of life of the residents

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect. There were no credits claimed in FYE 6-25.

90. Donations to Public Elementary or Secondary Schools

A nonrefundable tax credit is available for qualified donations made to public elementary or secondary schools.

For returns filed before July 1, 2015, the credit equaled 40% of the appraised value of the donation.

For returns filed on or after July 1, 2015, and for tax years prior to January 1, 2017, the credit was 29% of the appraised value. If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

For tax years beginning on or after January 1, 2017, the credit was 28% of the appraised value.

This credit is applicable to corporation income tax. The credit applied to corporation franchise tax until January 1, 2026.

Legal Citation

R.S. 47:6013

Origin

Acts 1998, No. 51, amended by Acts 2015, Nos. 125 and 357; Acts 2016, 1st Ex. Sess., No. 29; Acts 2017, No. 400; Acts 2024, 3rd Ex. Sess., Nos. 5 and 6

Effective date

Donations made on or after July 1, 1998

Beneficiaries

Corporations that make such donations and public schools in the state

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no activity is anticipated.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

91. Ad Valorem Tax Paid by Certain Telephone Companies

A refundable tax credit is available to telephone companies for 40% of the total ad valorem taxes they pay to Louisiana political subdivisions on public service properties. These properties must be assessed by the Louisiana Tax Commission at 25% of fair market value, as outlined in R.S. 47:1854.

For purposes of the credit, taxpayers who paid ad valorem taxes between January 1, 2021, and April 15, 2021, could elect to treat those payments as if they were made on December 31, 2020.

This credit is applicable to individual, fiduciary, and corporation income tax. The credit applied to corporation franchise tax until January 1, 2026.

Legal Citation

R.S. 47:6014

Origin

Acts 2000, No. 22; Acts 2002, No. 11; Acts 2005, No. 266; Acts 2007, No. 358; Acts 2015, No. 357; Acts 2020, 2nd Ex. Sess., No. 56; Acts 2024, 3rd Ex. Sess., Nos. 5 and 6

Effective Date

Taxable periods beginning on or after January 1, 2001

Beneficiaries

Telephone companies and the public they serve

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$6,755,000	\$5,282,000

92. Debt Issuance Costs

Economic development corporations may claim a nonrefundable tax credit for the filing fee paid to the Louisiana Bond Commission for the preparation and issuance of bonds. The credit must be claimed in the taxable period during which the expense was incurred by the taxpayer.

For returns filed before July 1, 2015, the credit equaled 100% of the filing fee. For returns filed on or after July 1, 2015, regardless of the applicable tax year, the credit is limited to 72% of the filing fee. If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

This credit is applicable to individual, fiduciary, and corporation income tax. The credit applied to corporation franchise tax until January 1, 2026.

Legal Citation

R.S. 47:6017

Origin

Acts 2002, No. 78, amended by Acts 2015, No. 125; Acts 2016, 1st Ex. Sess., No. 29; Acts 2017, No. 400; Acts 2025, 3rd Ex. Sess., No. 5

Effective Date

Fees paid on or after June 25, 2002

Beneficiaries

Economic development corporations

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no activity is anticipated.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

93. Rehabilitation of Historic Structures

A nonrefundable tax credit is available for eligible costs and expenses incurred in the rehabilitation of historic structures that are located within designated downtown development or cultural districts, or that contribute to the National Register of Historic Places. Eligible properties must be nonresidential real property or residential rental property.

Taxpayers, including any affiliated entities, are limited to claiming no more than \$5 million in credits annually for all rehabilitation projects within a single downtown development or cultural district. The credit is earned in the taxable year during which the rehabilitated property is placed into service and is allowed against income tax for the period in which the credit is earned. Any unused credit can be carried forward for five (5) years.

For expenses incurred on or after January 1, 2018, and before January 1, 2023, the credit is equal to 20% of eligible costs. For expenses incurred on or after January 1, 2023, the credit increases to 25%. If the qualifying property is located in a rural area, the credit rises to 35% for eligible costs incurred on or after January 1, 2023.

In addition, for Part 2 applications submitted to the Department of Culture, Recreation, and Tourism (CRT) between January 1, 2021, and December 31, 2024, no more than \$125 million in credits may be certified each calendar year. For applications received on or after January 1, 2025, no more than \$85 million in credits may be certified each calendar year.

This credit is applicable to individual, fiduciary, and corporation income tax. The credit applied to corporation franchise tax until January 1, 2026.

Legal Citation

R.S. 47:6019

Origin

Acts 2002, No. 60, amended by Acts 2004, 1st Ex. Sess., No. 12; Acts 2005, No. 439; Acts 2007, No. 182 and 298; Acts 2009, No. 444; Acts 2011, No. 409; Acts 2013, Nos. 263 and 418; Acts 2015, No. 108; Acts 2017, No. 403; Acts 2020, 1st Ex. Sess., No. 25; Acts 2023, No. 426, Acts 2024, 3rd Ex. Sess., Nos. 5, 6, and 11

Effective Date

Costs and expenses incurred on or after July 1, 2002, and taxable periods beginning on or after January 1, 2008, for a cultural district

Sunset Date

December 31, 2028; however, taxpayers have five (5) years to utilize the credit.

93. Rehabilitation of Historic Structures

(continued)

Beneficiaries

Individuals or businesses rehabilitating a qualified historic structure

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to assess their impact.

FYE 6-26	FYE 6-27
\$100,000,000	\$77,658,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

94. LA Citizens Property Insurance Corporation Assessment

A refundable tax credit is available for surcharges, market equalization charges, or assessments paid under the Louisiana Citizens Property Insurance Corporation related to Hurricanes Katrina and Rita. This credit applies to taxpayers who paid these assessments as part of their property insurance premium.

For returns filed before July 1, 2015, the credit equaled 100% of the amount paid. For returns filed on or after July 1, 2015, the credit was reduced to 72%. If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

For taxable periods beginning on or after January 1, 2016, the credit further decreased to 25%. This credit is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

R.S. 47:6025

Origin

Acts 2006, 2nd Ex. Sess., No. 4, amended by Acts 2007, No. 382; Acts 2015, No. 125; Acts 2016, 2nd Ex. Sess., No. 9; Acts 2017, Nos. 400 and 403

Effective Date

Taxable periods beginning on or after January 1, 2006

Sunset Date

December 31, 2019

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Taxpayers who have paid the assessments levied by the LA Citizens Property Insurance Corporation

Estimated Fiscal Effect

The estimated revenue loss is negligible for FYE 6-26; there is no estimated revenue loss for FYE 6-27. This credit sunset on December 31, 2019.

95. Youth Jobs

A nonrefundable credit is allowed for a business that hires one or more eligible youths on or after July 1, 2021. "Eligible youths" means an individual who is at least 16 but under 24 years of age, is unemployed prior to being hired by a business applying for the credit, will be working full-time or part-time earning wages that are equivalent to the wages paid for similar jobs, with adjustments for experience or training, and meets at least one of the other enumerated criteria.

The credit is equal to \$1,250 for each eligible youth hired in a full-time position and \$750 for each eligible youth hired in a part-time position. The credit is capped at \$5 million per calendar year.

This credit is applicable to individual, fiduciary, and corporation income tax. The credit applied to corporation franchise tax until January 1, 2026.

Legal Citation

R.S. 47:6028

Origin

Acts 2021, No. 454, amended by Acts 2024, 3rd Ex. Sess., No. 6

Sunset Date

June 30, 2025

Effective Date

Individuals employed on or after June 23, 2021

Beneficiaries

Businesses hiring one or more eligible youths

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$41,000	\$42,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

96. Milk Producers

A refundable tax credit is available to resident taxpayers engaged in the business of producing milk for sale. This credit may be claimed when the USDA Uniform Price under Federal Order No. 7 falls below the production price set by the Louisiana Department of Agriculture and Forestry at any point during the calendar year. Eligible producers may receive a credit based on the volume of milk sold at prices below the announced production price during that year.

Eligibility is determined by the Louisiana Department of Health, which must certify those qualifying milk producers to the Department of Revenue by January 31 of the following year. Producers who are not certified by the Department of Health are not eligible for the credit.

For returns filed before July 1, 2015, the maximum credit per producer was \$30,000 per calendar year, with a statewide cap of \$2.5 million annually. For returns filed on or after July 1, 2015, regardless of the tax year involved, the maximum credit per producer is reduced to \$21,600, and the statewide limit is reduced to \$1.8 million per year. If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

This credit is applicable to individual, fiduciary, and corporation income tax. The credit applied to corporation franchise tax until January 1, 2026.

Legal Citation

R.S. 47:6032

Origin

Acts 2007, No. 461, amended by Acts 2015, Nos. 125 and 357; Acts 2016, 1st Ex. Sess., No. 29; Acts 2017, No. 400; Acts 2024, 3rd Ex. Sess., Nos. 5 and 6

Effective Date

Taxable periods beginning on or after January 1, 2007

Beneficiaries

Resident taxpayers engaged in the business of producing milk for sale

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$514,000	\$503,000

97. Apprenticeship (2007)

Employers may claim a nonrefundable tax credit for hiring eligible apprentices. The credit equals one dollar for each hour the apprentice works, up to a maximum of 1,000 hours per apprentice. An eligible apprentice is a person who has a written agreement in a registered apprenticeship program or is enrolled in a training program accredited by the National Center for Construction Education and Research that includes at least four levels of training and a minimum of 500 hours of instruction.

This credit is applicable to individual, fiduciary, and corporation income and franchise tax.

Legal Citation

R.S. 47:6033

Origin

Acts 2007, No. 472, amended by Acts 2011, No. 126

Effective Date

Taxable periods beginning on or after January 1, 2008

Repealed

Repealed for taxable periods beginning on or after January 1, 2015, by Acts 2015, No. 357. However, taxpayers have 10 years to utilize credit.

Beneficiaries

Employers of eligible apprentices

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and 6-27 is negligible.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

98. Apprenticeship (2022)

Employers may claim a nonrefundable tax credit for hiring eligible apprentices. An eligible apprentice is a person who either has a written apprenticeship agreement under a registered apprenticeship program as provided in Chapter 4 of Title 23 of the Louisiana Revised Statutes of 1950, or is enrolled in a training program accredited by the National Center for Construction Education and Research that includes at least four levels of training and a minimum of 500 hours of instruction. For each eligible apprentice employed for at least 250 hours, the credit equals \$1.25 per hour of employment, up to a maximum of \$1,250 per apprentice. Any unused credit may be carried forward for up to five (5) years, and the total credit allowed statewide is capped at \$2 million per calendar year.

This credit is applicable to individual, fiduciary, and corporation income tax. The credit applied to corporation franchise tax until January 1, 2026.

Legal Citation

R.S. 47:6033

Origin

Acts 2021, No. 454; amended by Acts 2024, 3rd Ex. Sess., No. 6

Effective Date

Taxable periods beginning on or after January 1, 2022

Sunset Date

December 31, 2025

Beneficiaries

Businesses employing one or more eligible apprentices

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$427,000	\$326,000

99. Conversion of Vehicles to Alternative Fuel

A refundable tax credit was available for the cost of qualified clean-burning motor vehicle fuel property purchased and installed during the taxable period, provided the vehicle was registered in Louisiana. This credit is intended to encourage individuals and businesses to invest in alternative fuel technologies.

For purchases made on or after January 1, 2018, the credit was nonrefundable.

For returns filed prior to July 1, 2015, the credit equaled 50% of the cost of the qualified property. If a taxpayer purchased a new motor vehicle already equipped with qualified clean-burning fuel technology and chose not to—or could not—determine the exact cost attributable to the clean-fuel components, the credit could be claimed as 10% of the vehicle's cost or \$3,000, whichever was less.

For purchases made between July 1, 2015, and June 21, 2017, the credit was reduced to 36% of the qualified property cost. In cases where the specific cost of the clean-fuel components was not determined, the credit was 7.2% of the vehicle's cost or \$1,500, whichever was less.

If an extension was granted before July 1, 2015, and the return was filed by the extended due date, the exemption was reduced and one-third of the reduced amount could be claimed for each of the taxable periods beginning during calendar years 2017, 2018, and 2019.

For conversions or fueling station installations completed after June 21, 2017, the credit was 30% of the cost. For new vehicles purchased between June 22 and June 25, 2017, the credit reverted to 7.2% of the cost or \$1,500, whichever was less. For new vehicles purchased on or after June 26, 2017, the credit was equal to 10% of the vehicle's cost or \$2,500, whichever was less.

This credit is applicable to individual and corporation income tax.

Legal Citation

R.S. 47:6035

Origin

Acts 2009, No. 469, amended by Acts 2015, No. 125; Acts 2017, Nos. 325, 400, and 403; Acts 2021, No. 385

Effective Date

Taxable periods beginning on or after January 1, 2009

Sunset Date

July 1, 2021, for new purchases and conversions; December 31, 2021, for property that is directly related to the delivery of an alternative fuel into the fuel tank of a motor vehicle propelled by an alternative fuel

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

99. Conversion of Vehicles to Alternative Fuel *(continued)*

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Owners purchasing qualified clean burning motor vehicle fuel property

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

100. COVID-19 Pandemic ATC License

A refundable tax credit was available to businesses licensed by Alcohol and Tobacco Control (ATC) to sell or serve alcoholic beverages for on premises consumption, such as bars, that were required to temporarily suspend operations in 2020 due to statewide COVID-19 emergency orders.

The credit equaled the portion of the 2020 annual state license and permit fees paid to ATC that corresponds to any calendar month—or portion of a month—during which the business was unable to operate under its ATC permit as a result of Proclamation Number 30 JBE 2020 or any subsequent proclamation issued in response to the COVID-19 public health emergency. Eligibility was based on the inability to use the ATC permit to conduct alcohol sales during the affected months.

This credit is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

R.S. 47:6041

Origin

Acts 2020 2nd Ex. Sess., No. 60

Effective Date

Taxable periods beginning on January 1, 2020

Sunset Date

December 31, 2020

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Owners or operators of establishments licensed to sell or serve alcoholic beverages for consumption on their premises by paying customers that were required to temporarily close operations due to COVID-19

Estimated Fiscal Effect

There is no estimated revenue loss for FYE 6-26 or FYE 6-27. This credit sunset on December 31, 2020.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

101. Donations to Qualified Foster Care Organizations

A nonrefundable tax credit is available to taxpayers who make donations during the taxable year to a qualified foster care organization. The credit amount is equal to the portion of the donation actually used by the organization to provide services to qualified individuals, or \$50,000, whichever is less.

A "qualified foster care charitable organization" is an organization licensed by the Department of Children and Family Services (DCFS) as a child placing agency to provide adoption and foster care services. DCFS must submit an annual report of all such qualified organizations to the Department of Revenue by January 31st of each year for the prior calendar year.

The total amount of credits that may be issued statewide in any calendar year is capped at \$500,000. This credit may be claimed in addition to any federal tax credit or deduction earned for the same donation. Any unused credit may be carried forward for up to five (5) years.

This credit is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

R.S. 47:6042

Origin

Acts 2021, No. 378

Effective Date

Taxable periods beginning on or after January 1, 2022

Beneficiaries

Taxpayers who donate funds to qualified foster care organizations

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$199,000	\$203,000

102. Restaurant Recycling of Oyster Shells

A refundable tax credit is available to restaurants that donate oyster shells for environmental restoration purposes. The credit equals \$1 for every 50 pounds of oyster shells donated, up to a maximum of \$2,000 per taxpayer.

To qualify, donations must be made to the Oyster Shell Recycling Program operated by the Coalition to Restore Coastal Louisiana or to another program or activity designated as an approved oyster shell recycling initiative. The total amount of credits issued by the Department of Revenue is limited to \$100,000 per calendar year and is awarded on a first-come, first-served basis.

This credit is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

R.S. 47:6043

Origin

Acts 2023, No. 404

Effective Date

Taxable periods beginning on or after January 1, 2024

Sunset Date

December 31, 2028

Beneficiaries

Restaurants that donate oyster shells as well as Louisiana citizens who benefit from an improved environment

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

103. Louisiana Fortified Roof Tax Credit

A nonrefundable income tax credit is allowed 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 R.S. 22:1483.1. The credit applies to qualifying expenses incurred on or after July 1, 2025, and may not be earned after December 31, 2031.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:6044

Origin

Acts 2025, No. 404

Effective Date

Expenses paid on or after July 1, 2025

Beneficiaries

Individual taxpayers who install a fortified roof on their primary residence according to Insurance Institute for Business and Home Safety guidelines.

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; the effective date for this credit is July 1, 2025, and there is insufficient data currently available to fully assess the impact.

104. Workforce Child Care

The Workforce Child Care Tax Credits, were formerly known as the School Readiness Credits.

A credit against individual income tax is allowed for certain childcare expenses identified in R.S. 47:297.4. In addition to the requirements provided for in R.S. 47:297.4, the expenses must be paid for a child that is five or younger and who has attended a quality-rated childcare facility as designated by the Department of Education. The amount of the credit is based upon the type of expense and the quality rating of the childcare facility.

Quality Rating of Childcare Facility	Percent- age of the credit in R.S. 47:297.4
Five star	200%
Four star	150%
Three star	100%
Two star	50%
One star or nonparticipating facility	0%

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:6104

Origin

Acts 2007, No. 394, amended by Acts 2025, No. 454

Effective Date

Taxable periods beginning on or after January 1, 2008

Beneficiaries

Individual taxpayers who have a child under the age of six enrolled in an eligible childcare facility participating in the Quality Start program that is designed to increase the quality of childcare and early learning for all children throughout Louisiana

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$1,095,000	\$1,073,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

105. Workforce Child Care Provider

The Workforce Child Care Tax Credits, were formerly known as the School Readiness Credits.

Childcare providers who participate in Quality Start are eligible for a refundable tax credit. The credit is calculated by multiplying the average monthly number of children enrolled—specifically, those participating in the Louisiana Child Care Assistance Program or foster children in the custody of the Department of Children and Family Services—by a dollar amount determined by the facility’s quality rating under the Quality Start system.

Quality Rating of Childcare Facility	Credit per eligible child
Five star	\$1,500
Four star	\$1,250
Three star	\$1,000
Two star	\$750
One star or nonparticipating	0%

This credit is applicable to individual, fiduciary and corporation income tax.

Legal Citation

R.S. 47:6105

Origin

Acts 2007, No. 394, amended by Acts 2025, No. 454

Effective Date

Taxable periods beginning on or after January 1, 2008

Beneficiaries

Childcare providers participating in Quality Start

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$12,047,000	\$11,169,000

106. Workforce Child Care Directors and Staff

The Workforce Child Care Tax Credits, were formerly known as the School Readiness Credits.

Childcare teachers and directors are eligible for a refundable tax credit based on their educational attainment. To qualify, individuals must work at a center that is actively participating in Quality Start, meaning the center has attained at least a one-star rating. In addition to meeting all relevant educational requirements, teachers and directors must have been employed at the same childcare center for a minimum of six months during the calendar year.

The credit amount is adjusted annually based on the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U), as determined by the U.S. Bureau of Labor Statistics and certified by the Louisiana Department of Revenue by December 1 of the prior year.

This credit is applicable to individual income tax.

Legal Citation

R.S. 47:6106

Origin

Acts 2007, No. 394; amended by Acts 2025, No. 454

Effective Date

Taxable periods beginning on or after January 1, 2008

Beneficiaries

Eligible teachers and directors of licensed childcare centers participating in the Quality Start program

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$20,075,000	\$20,476,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

107. Workforce Business-Supported Child Care

The Workforce Child Care Tax Credits, were formerly known as the School Readiness Credits.

A refundable credit is allowed for a business that incurs certain business-supported childcare expenses. The amount of the credit depends on the quality rating of the childcare facility where the expenses are related or the quality rating of the childcare facility the child attends. Eligible business-supported expenses include expenses to construct, renovate, or expand a childcare center, purchase equipment for a center, maintain or operate a center, or subsidize childcare for their employees.

This credit is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

R.S. 47:6107(A)(1)

Origin

Acts 2007, No. 394, amended by Acts 2025, No. 454

Effective Date

Taxable periods beginning on or after January 1, 2008

Beneficiaries

Businesses that support childcare centers participating in Quality Start

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$563,000	\$548,000

108. Workforce Fees and Grants to Resource and Referral Agencies

The Workforce Child Care Tax Credits, were formerly known as the School Readiness Credits.

A refundable tax credit is available to businesses that financially support childcare resource and referral agencies. These agencies are private entities contracted by the Louisiana Department of Education to deliver essential services and information to both families and childcare providers.

The credit is equal to the amount paid in fees or grants to such agencies, up to a maximum of \$5,000 per tax year.

This credit is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

R.S. 47:6107(A)(2)

Origin

Acts 2007, No. 394, amended by Acts 2025, No. 454

Effective Date

Taxable periods beginning on or after January 1, 2008

Beneficiaries

Businesses that support childcare resource and referral agencies

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$2,292,000	\$2,224,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

109. Donations to Eligible Maternal Wellness Centers

A nonrefundable tax credit is available to taxpayers who make donations to eligible wellness centers, as defined in R.S. 47:6112(1). The credit equals 50% of the donation amount and cannot exceed 50% of the taxpayer's total Louisiana income tax liability for the year.

The Department of Revenue may grant up to \$5 million in credits per calendar year, and these are allocated on a first-come, first-serve basis. Additionally, no more than 20% of the total available credits may be allocated to any one maternal wellness center.

This credit is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

R.S. 47:6113

Origin

Acts 2023, No. 437

Effective Date

Taxable periods beginning on or after January 1, 2025

Sunset Date

December 31, 2030

Beneficiaries

Taxpayers who donate funds to an eligible maternal wellness center

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect. The effective date for this credit is January 1, 2025, and there is currently insufficient data to assess its impact.

110. Donations to School Tuition Organization

A nonrefundable credit is available for taxpayers who donate to certain school tuition organizations (STO). The credit is equal to the amount of the donation used by the STO to fund a scholarship, not including any administrative costs paid by the donation. The credit is earned when the donation is made. This credit is applicable to donations to qualified schools, which includes any public elementary or lab school operated by a public college or university for the purposes of participation in the credit program.

This credit is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

R.S. 47:6301

Origin

Acts 2017, No. 377, amended by Acts 2025, No. 282

Effective Date

Taxable periods beginning on or after January 1, 2018

Beneficiaries

Taxpayers that make such donations and low-income students that receive such scholarships

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to assess their data.

FYE 6-26	FYE 6-27
\$29,434,000	\$26,012,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Credits }

111. Donation to Public Schools

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 is allowed. 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 certain qualifying purposes. 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.

This credit is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

R.S. 47:6302

Origin

Acts 2025, No. 423

Effective Date

Taxable periods beginning on or after January 1, 2026

Sunset Date

December 31, 2027

Beneficiaries

Individual taxpayers who donate to qualifying public schools

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; the effective date for this credit is January 1, 2026, and there is insufficient data currently available to fully assess the impact.

{ Exemptions Required by the State Constitution or Federal Law }

112. Federal Income Tax Deduction

Louisiana previously allowed a deduction for federal income taxes paid on income also subject to Louisiana income tax. This deduction served to exclude from state taxation the portion of income used to pay federal income taxes.

However, with the passage of Constitutional Amendment No. 2 on November 13, 2021, the deduction was reclassified from a mandatory to a permissive provision, making it subject to legislative control. As a result, Acts 2021, No. 395 formally repealed the deduction for all tax periods beginning on or after January 1, 2022.

This deduction is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

La. Const., art. VII, Part I, § 4(A)

R.S. 47:55, R.S. 47:241, R.S. 47:287.85, R.S. 47:287.732.2(c) - *Corporation Income*

R.S. 47:293(4) and 293(9)(a)(ii) - *Individual Income*

R.S. 47:300.6(A), R.S. 47:300.7(A) - *Fiduciary Income*

Origin

1974 Constitution and Acts 1974, No. 188, amended by Acts 2021, Nos. 134 and 395

Effective Date

Federal income taxes paid on or after July 12, 1974

Repealed

Repealed for taxable periods beginning on or after January 1, 2022 by Acts 2021, Nos. 134, 395, and 396

Beneficiaries

All individual taxpayers who file a tax return and have paid federal income tax

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$9,637,000	\$1,562,000

Income and Corporation Franchise Tax

Corporation Income, Corporation Franchise, Individual and Fiduciary

{ Exemptions Required by the State Constitution or Federal Law }

113. Interest on United States Government Obligations

Under R.S. 47:293 and federal law (31 U.S.C. § 3124(a)), interest and dividends earned from obligations issued directly by the U.S. government—such as Treasury bills, U.S. savings bonds, and U.S. agency obligations—are exempt from Louisiana state income tax.

This exemption is applicable to individual, fiduciary, and corporation income tax.

Legal Citation

31 U.S.C. Section 3124(a), R.S. 47:300.6(B)(2)(a), R.S. 47:300.7(C)(2)(a)

Beneficiaries

The U.S. government and the individuals and entities that invest in their obligations

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to assess their impact.

FYE 6-26	FYE 6-27
\$13,674,000	\$13,948,000

114. Native American Income

Income earned or received by an enrolled member of a federally recognized Indian tribe is exempt from Louisiana individual income tax if it is derived from sources within the tribal reservation and the individual resides on that reservation.

This exemption is applicable to individual income tax.

Legal Citation

18 U.S.C. Section 1162, R.S. 47:293(9)(a)(iii)

Beneficiaries

Native Americans living and working on their tribe's reservation

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to assess their impact.

FYE 6-26	FYE 6-27
\$253,000	\$248,000

Liquors-Alcoholic Beverage Tax Exemptions

Liquors-Alcoholic Beverage Tax

{ Introduction }

Two categories of alcoholic beverages are subject to tax: (a) beverages of low-alcoholic content, defined as containing not more than 6% alcohol by volume, and (b) beverages of high-alcoholic content, defined as containing more than 6% alcohol by volume.

An alcoholic beverage tax of \$1 per 31-gallon barrel on beer, porter, ale, fruit juices, and wine was first imposed by Act 2 of the 1933 First Extraordinary Session.

Act 15 of 1934 imposed a tax on liquor at 50¢ per wine gallon; sparkling wines at 50¢ per wine gallon; still wines not more than 14% alcohol by volume at 5¢ per wine gallon; still wines between 14% and 24% alcohol by volume at 10¢ per wine gallon; still wines over 24% alcohol by volume at 50¢ per wine gallon; and beer at \$1.50 per 31-gallon barrel.

Initially, tax stamps were used to evidence payment of applicable taxes. Dealers purchasing tax stamps in lots of \$100 or more were allowed a discount equal to 5% of the face value of the stamps. In 1964, the provisions relating to tax stamps and the purchase discount were repealed and replaced with a 6% discount for timely filing and remittance of tax on beverages of high alcohol content. This discount was reduced to 3.33% in 1972, and a 2% discount was enacted for beverages of low alcohol content.

Act 441 of the 1978 Regular Session changed the measurement of liquor and wine from gallons to liters for tax purposes. The effective rates remained unchanged, as the per-gallon rates were converted to equivalent per-liter rates.

Act 71 of the 1998 Regular Session authorized manufacturers and retailers domiciled outside Louisiana to sell and ship sparkling and still wines directly to consumers in Louisiana. Such shipments are permitted only if all applicable taxes are paid in full, the consumer is at least 21 years of age, and the wine is purchased for the consumer's personal consumption.

Act 808 of the 2006 Regular Session repealed the Native Wine Law (previously enacted by Acts 1990, No. 736), and established definitions and permit procedures for wine producers. Under certain conditions, the Act permits wine producers to ship product directly to consumers.

Act 7 of the 2016 First Extraordinary Session reduced the discount for accurately reporting and remitting taxes to 1.5% for beverages of low alcoholic content (beer) and 2.5% for beverages of high alcoholic content.

Since 1934, the tax rates on alcoholic beverages have undergone numerous revisions, as reflected below.

Low Alcohol and Malt Beverages

1934	\$1.50	per 31-gallon barrel
1948	\$10.00	per 31-gallon barrel
2016	\$12.50	per 31-gallon barrel

Liquor

1934	\$0.50	per wine gallon
1935	\$0.60	per wine gallon
1938	\$1.00	per wine gallon
1940	\$1.50	per wine gallon
1956	\$1.68	per wine gallon
1970	\$2.50	per wine gallon
1978	\$0.66	per liter
2016	\$0.80	per liter

Sparkling Wines and Still Wines over 24% alcohol by volume

1934	\$0.50	per wine gallon
1935	\$0.60	per wine gallon
1938	\$1.00	per wine gallon
1940	\$1.50	per wine gallon
1956	\$1.58	per wine gallon
1978	\$0.42	per liter
2016	\$0.55	per liter

Still Wines not over 14% alcohol by volume

1934	\$0.05	per wine gallon
1940	\$0.15	per wine gallon
1942	\$0.10	per wine gallon

Liquors-Alcoholic Beverage Tax

{ Introduction }

1956	\$0.11	per wine gallon
1978	\$0.03	per liter
2016	\$0.20	per liter

Still Wines between 14% and 24% alcohol by volume

1934	\$0.10	per wine gallon
1940	\$0.30	per wine gallon
1942	\$0.20	per wine gallon
1956	\$0.21	per wine gallon
1978	\$0.06	per liter
2016	\$0.35	per liter

The alcoholic beverage taxes are collected from the first handlers in Louisiana, usually bonded wholesale dealers. The bond required of manufacturers or wholesalers of alcoholic beverages is a minimum of \$10,000 for each type of permit held.

Legal Citations

R.S. 26:341 through 423

Tax Base

Quantity of beverage handled

Tax Rate

1. Liquors: \$0.80 per liter
2. Sparkling wines: \$0.55 per liter
3. Still wines:
 - a. Alcohol content not over 14% – \$0.20 per liter
 - b. Alcohol content 14% to 24% – \$0.35 per liter
 - c. Alcohol content over 24% – \$0.55 per liter
4. Low alcohol 6% and under, malt beverages: \$12.50 per barrel

Types of Tax Exemptions

For alcoholic beverage taxes, there are three types of relief: exemptions, refunds or credits, and discounts.

- Exemptions remove certain items from the tax base.
- Refunds or credits allow taxpayers to recover taxes that were initially paid.
- Discounts reduce the tax owed by a set percentage.

Beer exemptions are listed separately from those for liquor and wine.

Some exemptions are also prohibited by federal law. Because of these federal restrictions, simply repealing the exemption would not produce the expected fiscal effect. These exemptions are therefore grouped separately at the end of this section.

Significant Changes

2025 Regular Session

Act 498

Act 498 provides that out-of-state wholesalers and manufacturers of alcohol are no longer required to mail a notice to the Louisiana Department of Revenue on the date of shipment. Notice must now be submitted in a manner prescribed by the Department by the 20th day of the month following the shipment date. See LAC:I.203 for more information.

Liquors-Alcoholic Beverage Tax

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Liquors-Alcoholic Beverage Tax

{ Low Alcohol Tax Discount }

1. Timely Filing and Payment

A discount of 1.5 % of the tax due is allowed for accurately reporting and timely remitting of the taxes owed. This discount is intended to compensate dealers for the administrative costs of accounting for the tax.

Legal Citation

R.S. 26:345

Origin

Acts 1972, No. 537, amended by Acts 2002, No. 14; Acts 2016, 1st Ex. Sess., No. 7

Effective Date

For taxable periods beginning on or after July 26, 1972

Beneficiaries

Registered wholesalers who properly report and remit taxes on time

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$507,000	\$486,000

{ Low Alcohol, Liquor, and Wine Tax Refund/Credit }

2. Products Returned to Manufacturer or Destroyed by a Dealer

A tax refund or credit is allowed for alcoholic beverages that are returned to a manufacturer or destroyed by the dealer due to damage or product being unfit for sale. This provision ensures that dealers receive credit for taxes paid on products that cannot be sold.

Legal Citation

R.S. 26:347

Origin

Acts 1934, No. 15, Acts 1987, No. 696, amended by Acts 2002, No. 14

Effective Date

Taxable periods beginning on or after August 1, 1934

Beneficiaries

Licensed dealers and manufacturers of alcoholic beverages of low and high alcohol content

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$488,000	\$375,000

Liquors-Alcoholic Beverage Tax

{ Liquor and Wine Tax Exemptions }

3. Antiseptic, Scientific, Religious, and Chemical Uses

Liquor and wine that is not intended for consumption as an alcoholic beverage—such as those sold for antiseptic, scientific, chemical, or industrial purposes, or sold to priests, ministers, rabbis, or other clergy for religious or sacramental use—are exempt from tax. This exemption allows for the tax-free sale of alcoholic products used for non-beverage purposes and for religious practices.

Legal Citation

R.S. 26:421

Origin

Acts 1934, No. 15

Effective Date

Taxable periods beginning on or after August 1, 1934

Beneficiaries

Religious organizations, pharmaceutical and chemical companies, and end-product consumers

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for this data.

{ Liquor and Wine Tax Discount }

4. Timely Filing and Payment

A dealer is allowed a discount of 2.5% of the tax due for accurately reporting and timely remitting taxes owed. This discount is intended to encourage compliance and compensate companies for the administrative cost of collecting and remitting the tax.

Legal Citation

R.S. 26:354(D)

Origin

Acts 1972, No. 537, amended by Acts 2016, 1st Ex. Sess., No. 7

Effective Date

Taxable periods beginning on or after July 26, 1972

Beneficiaries

Licensed wholesalers who accurately and timely report and remit the tax due

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$924,000	\$906,000

Liquors-Alcoholic Beverage Tax

{ Federally Imposed Exemptions-Low Alcohol Tax }

5. Interstate Shipments

Low alcohol and malt beverages that are exported outside Louisiana are exempt from excise taxes. This exemption ensures compliance with the U.S. Constitution's restrictions on taxation of exports.

Legal Citation

R.S. 26:366(B)

Origin

Acts 1933 Ex. Sess., No. 2

Effective Date

Taxable periods beginning on or after April 13, 1933

Beneficiaries

Dealers who export products in interstate commerce

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$1,129,000	\$1,118,000

6. Sales to the Federal Government and Its Agencies

Sales of alcoholic beverages to the U.S. government or its agencies are exempt from excise taxes. This exemption ensures compliance with the U.S. Constitution's prohibition on taxing government transactions.

Legal Citation

R.S. 26:422

Origin

Acts 1933 Ex. Sess., No. 2

Effective Date

Taxable periods beginning on or after April 13, 1933

Beneficiaries

The U.S. Government and its agencies

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$155,000	\$158,000

Liquors-Alcoholic Beverage Tax

{ Federally Imposed Exemptions-
Low Alcohol Tax }

7. Sales to Ships Engaged in Interstate or Foreign Commerce

Sales of alcoholic beverages to ships bound for destinations outside Louisiana are exempt from excise taxes. This exemption ensures compliance with the U.S. Constitution's prohibition on taxing exports.

Legal Citation

R.S. 26:366(B)

Origin

Acts 1933 Ex. Sess., No. 2

Effective Date

Taxable periods beginning on or after April 13, 1933

Beneficiaries

Dealers who sell alcoholic beverages for export in interstate commerce

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

{ Federally Imposed Exemptions-
Liquor and Wine Tax }

8. Interstate Shipments of Alcoholic Beverages

Alcoholic beverages exported outside Louisiana are exempt from excise taxes. This exemption ensures compliance with the U.S. Constitution's prohibition on taxing exports.

Legal Citation

R.S. 26:366(A)

Origin

Acts 1934, No. 15

Effective Date

Taxable periods beginning on or after August 1, 1934

Beneficiaries

Licensed dealers who export products in interstate commerce

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$281,000	\$191,000

Liquors-Alcoholic Beverage Tax

{ Federally Imposed Exemptions-Liquor and Wine Tax }

9. Foreign Consul and Foreign Commerce

All sales of alcoholic beverages to foreign consulates or foreign governments are exempt from alcoholic beverage excise taxes. This exemption ensures compliance with the U.S. Constitution's prohibition on taxing foreign governments.

Legal Citation

R.S. 26:366

Origin

Acts 1934, No. 15

Effective Date

Taxable periods beginning on or after August 1, 1934

Beneficiaries

Foreign nations and their consulates

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$261,000	\$188,000

10. Sales to the Federal Government and Its Agencies

Sales of alcoholic beverages to the U.S. government or any of its agencies may be exempt from the excise taxes. This exemption ensures compliance with the U.S. Constitution's prohibition on taxing government transactions.

Legal Citation

R.S. 26:422

Origin

Acts 1934, No. 15

Effective Date

Taxable periods beginning on or after August 1, 1934

Beneficiaries

The U.S. government and its agencies

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$98,000	105,000

Natural Resources-Severance Tax Exemptions

Natural Resources - Severance Tax

{ Introduction }

Severance tax applies to all natural resources extracted from soil or water, including timber, minerals (oil, gas, natural gasoline, condensate, sulphur, salt, coal, ores), marble, stone, sand, gravel, shells, and brine. Oil and gas generate nearly 95% of severance tax revenues, so this section focuses on their taxation; other resources have only one minor exemption.

The first oil and gas severance tax was imposed in 1910 as an occupational license tax—2/5¢ per barrel of oil and 1/5¢ per 10,000 cubic feet or 10 MCF of gas. Act 140 of 1922 implemented the 1921 constitutional authority for severance taxation. Since 1910, rates have changed frequently, alternating between volumetric and value-based methods, as outlined chronologically below.

1910	<i>Oil 2/5¢ per barrel; gas 1/5¢ per 10 MCF</i>	7/09	<i>Gas 33.1¢ per MCF</i>
1912	<i>Oil and gas; 0.5% of gross value less royalty interest</i>	7/10	<i>Gas 16.4¢ per MCF</i>
1920	<i>Oil and gas; 2% of gross value</i>	7/11	<i>Gas 16.4¢ per MCF</i>
1922	<i>Oil and gas; 3% of gross market value</i>	7/12	<i>Gas 14.8¢ per MCF</i>
1928	<i>Oil 4-11¢ per barrel depending on gravity; gas 1/5¢ per MCF</i>	7/13	<i>Gas 11.8¢ per MCF</i>
1936	<i>Gas 3/10¢ per MCF</i>	7/14	<i>Gas 16.3¢ per MCF</i>
1940	<i>Oil 6-11¢ per barrel depending on gravity; condensate 11¢ per barrel</i>	7/15	<i>Gas 15.8¢ per MCF</i>
1948	<i>Oil 18-26¢ per barrel depending on gravity; condensate 20¢ per barrel</i>	7/16	<i>Gas 9.8¢ per MCF</i>
1958	<i>Gas 2.3¢ per MCF</i>	7/17	<i>Gas 11.1¢ per MCF</i>
1972	<i>Gas 3.3¢ per MCF</i>	7/18	<i>Gas 12.2¢ per MCF</i>
1974	<i>Oil and condensate 12.5% of value; gas 7¢ per MCF</i>	7/19	<i>Gas 12.5¢ per MCF</i>
7/90	<i>Gas 10¢ per MCF; indexed annually</i>	7/20	<i>Gas 9.34¢ per MCF</i>
7/91	<i>Gas 9¢ per MCF</i>	7/21	<i>Gas 9.1¢ per MCF</i>
7/92	<i>Gas 7¢ per MCF</i>	7/22	<i>Gas 17.7¢ per MCF</i>
7/93	<i>Gas 7.5¢ per MCF</i>	7/23	<i>Gas 25.1¢ per MCF</i>
7/94	<i>Gas 8.7¢ per MCF</i>	7/24	<i>Gas 9.8¢ per MCF</i>
7/95	<i>Gas 7¢ per MCF</i>	7/25	<i>Gas 10.52¢ per MCF</i>
7/96	<i>Gas 7.7¢ per MCF</i>		
7/97	<i>Gas 10.1¢ per MCF</i>		
7/98	<i>Gas 9.3¢ per MCF</i>		
7/99	<i>Gas 7.8¢ per MCF</i>		
7/00	<i>Gas 9.7¢ per MCF</i>		
7/01	<i>Gas 19.9¢ per MCF</i>		
7/02	<i>Gas 12.2¢ per MCF</i>		
7/03	<i>Gas 17.1¢ per MCF</i>		
7/04	<i>Gas 20.8¢ per MCF</i>		
7/05	<i>Gas 25.2¢ per MCF</i>		
7/06	<i>Gas 37.3¢ per MCF</i>		
7/07	<i>Gas 26.9¢ per MCF</i>		
7/08	<i>Gas 28.8¢ per MCF</i>		

Natural Resources - Severance Tax

{ Introduction }

Tax Base

Severance tax is imposed upon the severance (removal) of the oil and gas from the soil or water and is owed by the natural resource owners. The state of Louisiana has over 30,000 producing oil and gas wells.

Tax Rate

The capable or full tax rate for oil and condensate is 12.5% of value for wells drilled before July 1, 2025, and 6.25% for wells drilled on or after July 1, 2025. Full rate production accounts for over 94% of the oil and condensate tax collections. There are reduced rates for low-producing oil wells. The capable or full rate for natural gas, presently 10.52¢ per MCF, is responsible for over 81% of total gas tax collections. There are reduced tax rates for low-pressure and low producing gas wells. The current severance tax rates are:

Type	Rate
Oil severance tax	
Capable tax rate	12.5% of value for wells completed before July 1, 2025
R.S. 47:633(A)(3)	6.5% of value for wells completed on or after July 1, 2025
Incapable tax rate	6.25% of value
R.S. 47:633(A)(3)	
Stripper tax rate.....	3.125% of value
R.S. 47:633(A)(3)(c)(i)(aa)	
Inactive reduced tax rate.....	3.125% of value
R.S. 47:633(A)(3)(c)(iii)	
Orphan reduced tax rate.....	1.5625% of value for oil production commencing prior to October 2028
R.S. 47:633(A)(3)(c)(iii)	
Condensate severance tax rate	12.5% of value R.S.
R.S. 47:633(4)	
Horizontal Well tax rate.....	20% of full rate
R.S. 47:633(A)(3)(d)	2.5% of value for wells completed before July 1, 2025
	1.3% of value for wells completed on or after July 1, 2025
Gas severance tax	
Capable tax rate	10.52¢ per MCF
R.S. 47:633(A)(5)(a)(i)	
R.S. 47:633(A)(5)(d)(i)	
Low pressure oil-well gas tax rate	3¢ per MCF
R.S. 47:633(A)(5)(b)	
Incapable gas-well gas tax rate	1.3¢ per MCF
R.S. 47:633(A)(5)(c)	
Inactive reduced tax rate.....	2.63¢ per MCF
R.S. 47:633(A)(3)(c)(iii)	
Orphan reduced tax rate.....	1.315¢ per MCF
R.S. 47:633(A)(3)(c)(iii)	
Horizontal Well tax rate	0.00 per MCF
R.S. 47:633(A)(3)(d)	

Types of Tax Exemptions

Severance tax exemptions for oil, gas, and minerals take the form of exclusions, exemptions, special rates, deductions, and suspensions. Exclusions, set by statute, exempt specific categories of natural gas from taxation. Exemptions and suspensions, also statutory, apply to oil or gas from wells meeting certain criteria. Special rates reduce the tax for qualifying wells, while deductions provide a credit or reduce the taxable base. Two exemptions are based on federal prohibitions. Because these federal

Natural Resources - Severance Tax

{ Introduction }

restrictions remain, repealing the exemptions alone would not produce the projected fiscal impact. For this reason, they are listed separately at the end of the section.

Significant Changes

2025 Regular Session

Act 284

Act 284 reduces the exemption period for gas produced from a horizontal well completed on or after July 1, 2025, to 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 24 months or until payout of the well cost is achieved, whichever comes first.

Act 295

Act 295 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 oil 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 oil wells is set at 3.125%, rather than 25% of the full rate. These rates apply to all production regardless of the well completion date.

The reduced rates for inactive and orphan oil wells 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.

Act 373

Act 373 made technical changes to the requirements for the well-cost statement submitted to the Department of Energy and Natural Resources for horizontal wells. The well cost statement must now 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.

Natural Resources - Severance Tax

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Natural Resources - Severance Tax

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	No specific statute	

Natural Resources - Severance Tax

{ Natural Gas Exclusions }

1. Injection

Gas injected into producing reservoirs to maintain pressure and enhance hydrocarbon recovery is excluded from severance tax. If the injected gas is later reproduced and sold, it may become taxable. The exclusion's purpose is to encourage secondary recovery and repressurization efforts.

Legal Citation

R.S. 47:633(A)(5)(e)(i)(aa), as of August 1, 2025; previously R.S. 47:633(9)(e)(i)

Origin

Acts 1940, No. 145

Effective Date

Taxable periods beginning January 1, 1940

Beneficiaries

Anyone in industry undertaking a repressurization or secondary recovery project

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$21,000	\$22,000

2. Produced Outside the State of Louisiana

Gas produced outside Louisiana and transported into the state for injection into producing reservoirs to maintain pressure or otherwise enhance recovery of oil or other hydrocarbons is excluded from severance tax. This clarifies that natural gas severed outside Louisiana is not subject to Louisiana severance tax even when it is injected and later recovered.

Legal Citation

R.S. 47:633(A)(5)(e)(i)(bb), as of August 1, 2025; previously R.S. 47:633(9)(e)(ii)

Origin

Acts 1960, No. 2

Effective Date

Taxable periods beginning January 1, 1960

Beneficiaries

Taxpayers who inject imported gas

Estimated Fiscal Effect

The estimated revenue loss is \$11,000 for FYE 6-26; the estimated revenue loss for FYE 6-27 is negligible.

Natural Resources - Severance Tax

{ Natural Gas Exclusions }

3. Flared or Vented

Gas flared or vented into the atmosphere is excluded, provided the gas is not otherwise sold. This typically occurs during testing, while awaiting a sales line, or when produced in noncommercial quantities. The exclusion provides financial relief to natural and casinghead gas producers.

Legal Citations

R.S. 47:633(A)(5)(e)(i)(cc) and (ff), as of August 1, 2025; previously R.S. 47:633(9)(e)(iii) and (vi)

Origin

Acts 1935, No. 24

Effective Date

Taxable periods beginning on or after January 1, 1935

Beneficiaries

Gas producers that vent or flare gas

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$155,000	\$143,000

4. Consumed in Field Operations

An exclusion is allowed for gas used or consumed for fuel in maintaining the operation of the field where the gas is produced. This includes gas used for heating, separating, producing, dehydrating, compressing, and pumping oil and gas in the field where produced, provided the gas is not otherwise sold. The exclusion provides financial assistance to qualifying users.

Legal Citation

R.S. 47:633(A)(5)(e)(i)(dd), as of August 1, 2025; previously R.S. 47:633(9)(e)(iv)

Origin

Acts 1958, No. 2

Effective Date

Taxable periods beginning on or after January 1, 1958

Beneficiaries

Producers using severed gas as fuel in field operations

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$1,924,000	\$2,155,000

Natural Resources - Severance Tax

{ Natural Gas Exclusions }

5. Consumed in the Production of Natural Resources in the State of Louisiana

Gas used in producing natural resources other than oil and gas in Louisiana is excluded from severance tax. This provides financial assistance to qualifying producers.

Legal Citation

R.S. 47:633(A)(5)(e)(i)(ee), as of August 1, 2025; previously R.S. 47:633(9)(e)(v)

Origin

Acts 1974, No. 5

Effective Date

Taxable periods beginning January 1, 1974

Beneficiaries

Producers who use natural gas in the production of natural resources, other than oil or gas

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no activity is anticipated.

6. Used in the Manufacture of Carbon Black

Gas used in carbon black production is excluded from severance tax. Both the gas producer and seller receive an exclusion, reducing the sales price. This provides financial assistance to carbon black manufacturers.

Legal Citation

R.S. 47:633(A)(5)(e)(i)(gg), as of August 1, 2025; previously R.S. 47:633(9)(e)(vii)

Origin

Acts 1958 Ex. Sess., No. 2

Effective Date

Taxable periods beginning January 1, 1958

Beneficiaries

Carbon-black companies operating in Louisiana

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$10,000	\$11,000

Natural Resources - Severance Tax

{ Natural Gas Exemptions }

7. Horizontal Wells

Any horizontal well completed before July 1, 2025, is exempt from severance tax for 24 months or until payout of the well cost is achieved, whichever comes first. Any horizontal well completed on or after July 1, 2025, is exempt for 18 months or until payout of the well cost is achieved, whichever comes first.

Payout of well cost is the cost of completing the well to the commencement of production as reflected in the well cost statement submitted to the Department of Conservation and Energy. The amount of the exemption is dependent on the average gas price determined by the secretary on July 1st of each year for the ensuing 12-month period. The purpose of this exemption is to encourage the drilling of horizontal wells.

For eligible wells from which production commenced between July 31, 1994, to June 30, 2015, the tax was suspended for 24 months or until well payout without regard to the price of gas.

Legal Citation

R.S. 47:633(A)(3)(d), as of August 1, 2025; previously R.S. 47:633(7)(c)(iii) and (d)

Origin

Acts 1994, No. 2, amended by Acts 2015, No. 120; Acts 2025, No. 284

Effective Date

Taxable periods beginning on or after August 1, 1994

Beneficiaries

Any producer who successfully completes or recompletes a horizontal well

Estimated Fiscal Effect

In accordance with R.S. 47:633(A)(3)(d)(iii) (formerly R.S. 47:633(7)(d)(ii)), the secretary determined the price of natural gas to be \$2.98 per million BTU for purposes of the FY 25-26 exemption amount. Therefore, since the price of gas is below \$4.50 per million BTU, the FY 25-26 exemption amount is 100%.

FYE 6-26	FYE 6-27
\$223,123,000	\$223,123,000

{ Natural Gas Suspensions }

8. Deep Wells

Production from gas wells drilled deeper than 15,000 feet is exempt from tax for 24 months or until payout of the well cost, whichever occurs first. The exemption applies to wells commencing production after July 31, 1994. This exemption encourages investment in deep well drilling.

Legal Citation

R.S. 47:633(A)(5)(d)(v), as of August 1, 2025; previously R.S. 47:633(9)(d)(v)

Origin

Acts 1994, No. 2

Effective Date

Taxable periods beginning August 1, 1994

Beneficiaries

Gas producers that successfully drill to a depth greater than 15,000 feet

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$1,636,000	\$1,636,000

Natural Resources - Severance Tax

{ Natural Gas Special Rates }

9. Incapable Oil-Well Gas

Gas produced from oil wells with 50 psi or less wellhead pressure, or produced via artificial methods, gas lift, or pumping, qualifies for a reduced tax rate of 3¢ per MCF. Qualification for this reduced rate is determined by the secretary. This rate encourages continued production from low-pressure wells.

Legal Citation

R.S. 47:633(A)(5)(b), as of August 1, 2025; previously R.S. 47:633(9)(b)

Origin

Acts 1958 Ex. Sess., No. 2

Effective Date

Taxable periods beginning January 1, 1958

Beneficiaries

Small independent operators and major oil companies continuing production on low-producing wells

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$361,000	\$451,000

10. Incapable Gas-Well Gas

Gas produced from gas wells that average less than 250,000 cubic feet of production per day during a month qualifies for a reduced tax rate of 1.3¢ per MCF. This lower rate encourages continued production from low-producing gas wells.

Legal Citation

R.S. 47:633(A)(5)(c), as of August 1, 2025; previously R.S. 47:633(9)(c)

Origin

Acts 1958 Ex. Sess., No. 2

Effective Date

Taxable periods beginning January 1, 1958

Beneficiaries

Small independent operators and major oil companies maintaining production from low-producing gas wells

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$8,495,000	\$9,344,000

Natural Resources - Severance Tax

{ Natural Gas Special Rates }

11. Orphan Wells

Production from a gas well designated by the Department of Conservation and Energy as being an orphan well for longer than 60 months is subject to a reduced severance tax rate equal to 25% of the full rate for a period of ten years. The gas production must be produced from the same perforated producing interval or from 100 feet above and 100 feet below the perforated producing interval for lease wells, and within the correlative defined interval for unitized reservoirs, that the formerly orphaned well produced from before being designated as an orphan well. The purpose of this special rate is to encourage production from orphaned wells. An application for certification must be submitted to the Department of Conservation and Energy between July 1, 2018, and June 30, 2028.

Effective October 1, 2024, if production commences prior to October 1, 2028, the reduced rate is equal to 12.5% of the full rate for a period of 10 years. If production commences on or after October 1, 2028, the reduced rate is 25% of the full rate for a period of 10 years.

The reduced rate applies only to gas produced from the same perforated interval (or within 100 feet above or below it for lease wells) or within the correlative interval for unitized reservoirs from which the well produced before being orphaned. The purpose of this special rate is to encourage production from orphaned wells.

Legal Citation

R.S. 47:633(A)(3)(c)(iii), as of August 1, 2025; previously R.S. 47:633(7)(c)(iv)

Origin

Acts 2017, No. 421, amended by Acts 2024, No. 695; Acts 2025, No. 295

Effective Date

Taxable periods beginning August 1, 2017

Beneficiaries

Gas producers with previously orphaned wells

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no activity is anticipated.

12. Inactive Wells

Production from a gas well designated by the Department of Conservation and Energy as being either inactive for two or more years or having 30 days or less production for the past two years is eligible for a reduced severance tax rate equal to 50% of the full rate for a period of 10 years. Eligible wells may apply for certification from July 1, 2018, through June 30, 2028. The gas production must be produced from the same perforated producing interval or from 100 feet above and 100 feet below the perforated producing interval for lease wells, and within the correlative defined interval for unitized reservoirs, that the formerly inactive well produced from before being designated as an inactive well. The purpose of this special rate is to encourage production from previously inactive wells.

Effective October 1, 2024, if production commences prior to October 1, 2028, the reduced rate is equal to 25% of the full rate for a period of 10 years. If production commences on or after October 1, 2028, the reduced rate is equal to 50% of the full rate for a period of 10 years.

Legal Citation

R.S. 47:633(A)(3)(c)(iii), as of August 1, 2025; previously R.S. 47:633(7)(c)(iv)

Origin

Acts 2017, No. 421, amended by Acts 2024, No. 695; Acts 2025, No. 295

Effective Date

Taxable periods beginning on or after August 1, 2017

Beneficiaries

Gas producers who invest to restore inactive wells to production

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$37,000	\$21,000

Natural Resources - Severance Tax

{ Natural Gas Incentive }

13. Produced Water Injection - Gas Wells

A 20% severance tax reduction applies to gas produced from wells that inject produced water into the reservoir to enhance recovery. The incentive encourages producers to reduce water discharge by reinjecting produced water to increase gas recovery.

Legal Citation

R.S. 47:633.5(C)(2)

Origin

Acts 1991, No. 625

Effective Date

Taxable periods beginning on or after July 17, 1991

Beneficiaries

Gas producers that inject produced water into a reservoir to enhance gas recovery

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

{ Oil Deduction }

14. Trucking, Barging, and Pipeline Fees

Oil and condensate are taxed at the higher of the gross receipts (less charges for trucking, barging, and pipeline fees) or the posted field price. Under LAC 61:I.2903, the deduction for producers using their own transportation is 25¢ per barrel; those using third-party transportation may deduct 25¢ per barrel or the actual charge.

Legal Citation

R.S. 47:633(A)(3)(a), as of August 1, 2025; previously R.S. 47:633(7)(a)

Origin

Acts 1973 Ex. Sess., No. 6

Effective Date

Taxable periods beginning on or after January 1, 1974

Beneficiaries

All of industry

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$415,000	\$410,000

Natural Resources - Severance Tax

{ Oil Exemptions }

15. Horizontal Wells

Horizontal wells from which production begins on or after July 1, 2015, qualify for a severance tax exemption for 24 months or until well payout, whichever occurs first. Payout is the cost of completing the well to first production, as certified by the Department of Conservation and Energy. The exemption amount is based on the average oil price set each July 1st for the following 12-month period. The exemption is intended to encourage horizontal drilling.

For horizontal wells that began production between August 1, 1994, and June 30, 2015, the tax was suspended for twenty-four months or until payout, regardless of oil price.

Legal Citation

R.S. 47:633(A)(3)(d), as of August 1, 2025; previously R.S. 47:633(7)(c)(iii) and (d)

Origin

Acts 1994, No. 2, amended by Acts 2015, No. 120

Effective Date

Taxable periods beginning on or after August 1, 1994

Beneficiaries

Any producer who successfully completes or recompletes a well horizontally

Estimated Fiscal Effect

In accordance with R.S. 47:633(A)(3)(d)(ii) (previously R.S. 47:633(7)(d)(i)), the secretary determined the price of oil to be \$70.85 per barrel for purposes of the FY 25-26 exemption amount. Therefore, since the price of oil is above \$70 and below \$80 per barrel, the FY 25-26 exemption amount is 80%.

FYE 6-26	FYE 6-27
\$618,000	\$618,000

16. Orphan Well Rework Program

An exemption applies to oil produced from an oil well that: (1) was previously designated as orphaned by the Department of Conservation and Energy (DC&E), (2) has had no production for at least 12 months, and (3) has undergone or is undergoing enhancements requiring a DC&E permit. To qualify, production must begin between October 1, 2021, and June 30, 2031. Once certified, no severance tax is due for the first 3 months of production. After that, the operator pays an amount equal to the severance tax, which is deposited into a site-specific trust account established for that well under R.S. 30:88.2.

Legal Citation

R.S. 47:633(A)(3)(c)(iii)(ff), as of August 1, 2025; previously R.S. 47:633(7)(c)(iv)(cc)

Origin

Acts 2021, No. 391

Effective Date

Taxable periods beginning on or after June 16, 2021

Beneficiaries

Operators who complete permitted enhancements to oil wells previously designated as orphaned for at least 12 months and begin production between October 1, 2021, and June 30, 2031

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no activity is anticipated.

Natural Resources - Severance Tax

{ Oil Suspensions }

17. Deep Wells

Severance tax on production from oil wells drilled deeper than 15,000 feet is suspended for 24 months or until payout of the well costs, whichever comes first. The exemption is available for wells that begin production after July 31, 1994. This suspension encourages investment in deep well drilling.

Legal Citation

R.S. 47:633(A)(5)(d)(v), as of August 1, 2025; previously R.S. 47:633(9)(d)(v)

Origin

Acts 1994, No. 2

Effective Date

Taxable periods beginning on or after August 1, 1994

Beneficiaries

Oil producers that successfully drill to a depth greater than 15,000 feet

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$5,266,000	\$5,266,000

18. Tertiary Recovery

Enacted in 1983, this suspends severance tax on crude oil from qualified tertiary projects approved by the Department of Conservation and Energy until the project payout. The payout amount is determined at a public hearing held by the office of conservation and includes recovery of investment costs, expenses specific to the project and interest at commercial rates. This suspension supports large-scale carbon dioxide injection projects, though low oil prices have limited their development.

Legal Citation

R.S. 47:633.4(B)(2)

Origin

Acts 1983 Ex. Sess., No. 643, amended by Acts 2009, No. 450

Effective Date

Taxable periods beginning on or after July 20, 1983

Beneficiaries

Producers undertaking large-scale carbon dioxide injection projects

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$8,761,000	\$7,710,000

Natural Resources - Severance Tax

{ Oil Special Rates }

19. Incapable Oil Wells

An oil well that averages no more than 25 barrels per producing day during the month, produces at least 50% salt water, and has no other capable (full rate) well on the lease qualifies for a reduced severance tax rate of 6.25% of value. These wells are referred to as incapable wells. The purpose of this reduced rate is to encourage continued production from low-producing wells.

Legal Citation

R.S. 47:633(A)(3)(b), as of August 1, 2025; previously R.S. 47:633(7)(b)

Origin

Acts 1948, No. 10

Effective Date

Taxable periods beginning on or after January 1, 1948

Beneficiaries

Oil producers in Louisiana with wells producing in the 10-25 barrel per day range

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$5,112,000	\$4,550,000

20. Stripper Oil Wells

Oil produced from wells averaging no more than 10 barrels per producing day during the month qualifies for a reduced severance tax rate of 3.125% of value. These wells are referred to as stripper wells and the reduced rate is meant to encourage continued production from these wells.

Legal Citation

R.S. 47:633(A)(3)(c)(i)(aa), as of August 1, 2025; previously R.S. 47:633(7)(c)(i)(aa)

Origin

Acts 1973 Ex. Sess., No.5

Effective Date

Taxable periods beginning on or after January 1, 1974

Beneficiaries

Oil producers in Louisiana operating stripper wells

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$17,910,000	\$16,656,000

Natural Resources - Severance Tax

{ Oil Special Rates }

21. Stripper Oil Wells - Value Less than \$20 per Barrel

Oil produced from certified stripper wells (no more than 10 barrels per day average during the month) is exempt from severance tax in months when the average taxable value is less than \$20 per barrel. The value used to calculate severance tax also is used to determine the exemption. This exemption encourages continued operation of low-producing wells, when the value of oil is low.

Legal Citation

R.S. 47:633(A)(3)(c)(i)(bb), as of August 1, 2025; previously R.S. 47:633(7)(c)(i)(bb)

Origin

Acts 1994, No. 2

Effective Date

Taxable periods beginning on or after June 1, 1994

Beneficiaries

Producers with oil wells certified as a stripper well

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no activity is anticipated.

22. Orphan Wells

Oil produced from wells previously designated by the Department of Conservation and Energy as an orphan well for more than 60 months is eligible for a reduced tax rate equal to 25% of the full severance rate for 10 years. Production must come from the original perforated producing interval or from 100 feet above and 100 feet below the original perforated producing interval for lease wells, and within the correlative defined interval for unitized reservoirs. To qualify for this reduced rate, the well must be certified by the Department of Conservation and Energy between July 1, 2018, and June 30, 2028. This rate encourages investment to restore orphan wells to active status.

Effective October 1, 2024, the rate for wells that begin production before October 1, 2028, was reduced to 12.5% of the full rate for 10 years. The rate reverts to 25% of the full rate for wells that begin production on or after October 1, 2028.

Legal Citation

R.S. 47:633(A)(3)(c)(iii), as of August 1, 2025; previously R.S. 47:633(7)(c)(iv)

Origin

Acts 2017, No. 421, amended by Acts 2024, No. 695

Effective Date

Taxable periods beginning on or after July 1, 2018

Beneficiaries

Oil producers that invest to restore orphan wells to active status

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$872,000	\$872,000

Natural Resources - Severance Tax

{ Oil Special Rates }

23. Inactive Wells

Oil produced from wells designated by the Department of Conservation and Energy as being either inactive for two or more years or having 30 days or less production in the past two years is eligible for a reduced tax rate equal to 50% of the full severance rate for 10 years. Eligible wells must apply for certification from the Department of Conservation and Energy between July 1, 2018, and June 30, 2028. Production must come from the same perforated producing interval or from 100 feet above and 100 feet below the perforated producing interval for lease wells, and within the correlative defined interval for unitized reservoirs. This rate encourages production from inactive wells.

Effective October 1, 2024, the rate for wells beginning production before October 1, 2028, was reduced to 25% of the full rate for 10 years. The rate returns to 50% of the full rate for wells that begin production on or after October 1, 2028.

Legal Citation

R.S. 47:633(A)(3)(c)(iii), as of August 1, 2025; previously R.S. 47:633(7)(c)(iv)

Origin

Acts 2017, No. 421, amended by Acts 2024, No. 695

Effective Date

Taxable periods beginning on or after July 1, 2018

Beneficiaries

Oil producers with older mature fields containing many inactive wells

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$1,187,000	\$997,000

24. Salvage Oil

Salvage oil reclaimed by class-one reclamation facilities permitted by the office of conservation is taxed at a reduced rate of 3.125% of value. This rate supports class-one salvage oil operators. Operators or their affiliates engaged in actual severance of oil, gas, or other natural resources are prohibited from participating in the reduced rate program.

Legal Citation

R.S. 47:648.21

Origin

Acts 1986, No. 673

Effective Date

Taxable periods beginning on or after July 1, 1986

Beneficiaries

Class-one salvage oil operators

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no activity is anticipated.

Natural Resources - Severance Tax

{ Oil Special Rates }

25. Horizontal Mining and Drilling Projects

The working-interest owners of horizontal- mining and drilling projects approved by the office of conservation are taxed at the special reduced rate of 3.125% of value until the cumulative value of hydrocarbon production from the project equals 2.33 times the private investment invested by the working-interest owners. The purpose of this special rate is to promote innovation in horizontal-mining and drilling technologies. One project was planned; however, it was abandoned and no projects are planned for the near future.

Legal Citation

R.S. 47:633(A)(3)(c)(ii), as of August 1, 2025; previously R.S. 47:633(7)(c)(ii)(aa) and (cc)

Origin

Acts 1990, No. 551

Effective Date

Taxable periods beginning on or after

Beneficiaries

Companies who undertake horizontal-mining and drilling projects

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no activity is anticipated.

{ Mineral Exemption }

26. Produced Water Injection – Oil Wells

Oil from wells where produced water is reinjected into the reservoir for enhanced recovery qualifies for a 20% severance tax reduction. This incentive encourages reducing produced water discharge while boosting oil recovery.

Legal Citation

R.S. 47:633.5(C)(1)

Origin

Acts 1991, No. 625

Effective Date

Projects started after July 17, 1991

Beneficiaries

Oil producers who inject produced water into reservoirs to enhance oil recovery

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no activity is anticipated.

Natural Resources - Severance Tax

{ Mineral Exemption }

27. Owned and Severed by Political Subdivisions

Enacted in 1988, this exemption applies to any state political subdivision that severs natural resources for its own use. Originally intended to aid police jurors in harvesting gravel, the exemption now covers all natural resources. However, the tax on gravel has since been repealed.

Legal Citation

R.S. 47:632(B)

Origin

Acts 1988, No. 594

Effective Date

Taxable periods beginning on or after January 1, 1988

Beneficiaries

The political subdivisions that own and sever natural resources for their own use

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no activity is anticipated.

{ Federally Imposed Tax Exemptions }

28. U.S. Government Royalty - Gas Wells

Natural gas from privately owned wells with federal mineral royalty interests is exempt from severance tax, in compliance with U.S. Constitution tax prohibitions.

Legal Citation

No specific statute

Origin

U.S. Constitution, Louisiana Administrative Code 61:I.2903.F.6

Effective Date

Taxable periods beginning January 1, 1995

Beneficiaries

United States Federal Government

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$424,000	\$785,000

Natural Resources - Severance Tax

{ Federally Imposed Tax Exemptions }

29. U.S. Government Royalty - Oil Wells

Oil from privately owned wells with federal mineral royalty interests is exempt from severance tax to comply with U.S. Constitution tax prohibitions.

Legal Citation

No specific statute

Origin

Louisiana Administrative Code Title 61.I.2903

Effective Date

Taxable periods beginning January 1, 1995

Beneficiaries

United States Federal Government

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$140,000	\$136,000

Oil Spill Contingency Fee Exemptions

Oil Spill Contingency Fee

{ Introduction }

Act 7 of the 1991 First Extraordinary Session imposed a 2¢ per barrel fee on crude oil owners when oil is transferred at a Louisiana marine terminal. The marine terminal operator collects and remits the fee quarterly. Initially, the application of the fee was dependent on the balance in the Oil Spill Contingency Fund. The fee was imposed until the fund balance reached \$15 million, then ceased until the balance fell below \$8 million. Once the balance fell below \$8 million, collection of the 2¢ per barrel fee resumed. Additionally, a 4¢ per barrel fee could be triggered if the Louisiana oil spill coordinator certified that the fund balance was below \$8 million, an oil spill over 100,000 gallons occurred in the past 30 days, and the projected expenditures would deplete more than 50% of the fund.

Act 740 of 1995 lowered the fund balance ceiling from \$15 million to \$10 million for the 2¢ fee and clarified that if the 4¢ fee was triggered, it should continue until the fund reached \$10 million.

Act 1082 of 2003 further reduced the thresholds: the 2¢ fee applied until the fund reached \$7 million and resumes if it falls below \$5 million; the 4¢ fee applies under the same conditions as before but with the \$5 million threshold.

Act 384 of 2013 revised the structure and collection of the oil spill contingency fee. As of July 1, 2014, the fee is owed by the last owner of crude oil before delivery to a refinery or storage facility, with the refinery collecting and remitting the collected fees quarterly. From July 1, 2014, to December 31, 2015, the fee was ½¢ per barrel. Beginning January 1, 2016, the standard fee is ¼¢ per barrel. The fee increases to ½¢ per barrel if the oil spill coordinator certifies that the fund balance is below \$5 million and (1) a spill of more than 100,000 gallons has occurred in the past 12 months or (2) due to authorized expenditures. The increased fee continues until the fund reaches \$7 million, at which time it returns to the standard fee of ¼¢ per barrel.

Legal Citation

R.S. 30:2485

Fee Base

Barrels of crude oil received by a refinery for storage or processing

Fee Rate

2¢ per barrel (effective July 1, 1991 through April 30, 1999)

Suspended (effective May 1, 1999 through October 31, 2001)

2¢ per barrel (effective November 1, 2001 through April 30, 2003)

Suspended (effective May 1, 2003 through April 30, 2007)

2¢ per barrel (effective May 1, 2007 through December 31, 2007)

Suspended (effective January 1, 2008 through June 30, 2010)

2¢ per barrel (effective July 1, 2010 through June 30, 2014)

½ ¢ per barrel (effective July 1, 2014 through December 31, 2015)

¼ ¢ per barrel (effective January 1, 2016 to present)

Type of Exemption

The Oil Spill Contingency Fee exemption is in the form of a credit. Credits are generally defined as a reduction to the amount of tax due.

Significant Changes

There were no changes to the oil spill contingency fee laws during the past year.

Oil Spill Contingency Fee

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Oil Spill Contingency Fee

{ Credit }

1. Timely Payment

Refinery operators may retain 1.5% of the collected fees as compensation, provided timely payment is made to the Department of Revenue.

Legal Citation

R.S. 30:2485(B)

Origin

Acts 1991, 1st Ex. Sess., No. 7, amended by Acts 2013, No. 394

Effective Date

Taxable periods beginning April 23, 1991

Beneficiaries

Refinery operators who collect and timely remit the oil spill contingency fee

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$34,000	\$36,000

Petroleum Products Tax Exemptions

Petroleum Products Tax

{ Introduction }

A tax on gasoline and motor fuels was first levied in the 1921 Louisiana Constitution at a rate of 1¢ per gallon. Special fuels were first taxed under a Use Fuel Tax at a rate of 7¢ per gallon, imposed by Act 244 of 1940. This act also required fuel permits. Various amendments over the years have established the following rates:

- 1921 Gasoline tax first levied at 1¢ per gallon*
- 1924 Gasoline at 2¢ per gallon*
- 1928 Gasoline at 4¢ per gallon*
- 1930 Gasoline at 5¢ per gallon*
- 1936 Gasoline at 7¢ per gallon*
- 1940 Special fuels tax first levied at 7¢ per gallon*
- 1948 Gasoline and special fuels at 9¢ per gallon*
- 1952 Gasoline and special fuels at 7¢ per gallon*
- 1968 Gasoline and special fuels at 8¢ per gallon*
- 1984 Gasoline and special fuels at 16¢ per gallon*
- 1990 Gasoline and special fuels at combined rate of 20¢ per gallon*
- 2016 Special fuels (CNG and LNG) at 20¢ per gallon, LPG at 14.6¢ per gallon*

Act 16 of the First Extraordinary Session of 1989 increased the total tax on gasoline, motor fuels, and special fuels to 20¢ per gallon. This increase was not achieved by raising the existing 16¢ per gallon tax under R.S. 47:711 and R.S. 47:802, but by imposing an additional 4¢ per gallon under a new program titled the Transportation Infrastructure Model for Economic Development (TIMED). The revenue generated by this additional levy, effective January 1, 1990, was specifically dedicated for transportation purposes. The same legislation also established the Transportation Trust Fund, into which the collections from the original 16¢ per gallon tax are deposited.

Gasoline and Diesel Fuels Tax

The gasoline tax was originally collected from the dealer who first handled, sold, distributed, used, or consumed gasoline and motor fuels in Louisiana. However, Act 252 of the 2005 Regular Session (enacting R.S. 47:818.1 et seq.) shifted the point of collection for motor fuel taxes to the terminal rack. Under this system, clear diesel fuel, is taxed when it leaves the terminal via the rack. Subsequent sales of the product are therefore considered taxed fuel, and any clear diesel ultimately used for a nontaxable purpose may be eligible for a refund of the fuel tax paid.

Act 252 also revised the discounts allowed to dealers and marketers. Previously, gasoline dealers were allowed a 3% discount on the first 1¢ of tax; gasoline jobbers were allowed 3% on the first 4¢ of tax; and special fuel suppliers were allowed 3% of net taxable gallons.

As of Act 252 provided suppliers (refiners) a 1.5% discount on the tax if they timely filed and remitted the taxes, provided they passed a 1% discount on to distributors (marketers). Under Act 147 of the 2015 Regular Session, the supplier discount was reduced to 0.5% of the tax, and the discount for a licensed distributor or importer was set at 0.03%

Special Fuels Tax

Special fuels are defined as any gas or liquid, other than gasoline or diesel fuel, that is used or suitable for use as motor fuel in an internal combustion engine or motor to propel any type of vehicle, machine, or mechanical device. Special fuels include compressed natural gas (CNG), liquefied natural gas (LNG), and liquefied petroleum gas (LPG).

The tax on special fuels was originally paid by any person operating a motor vehicle on Louisiana highways that uses, or can use, LPG or CNG. From July 1, 2006, to December 31, 2015, this tax was reported and paid via an annual return using either a flat annual rate or a usage-based rate, depending on the weight of the vehicle. Compliance was evidenced by a decal issued to the owner or operator of the vehicle. The tax was collected by the purchase of a decal at an annual flat rate of \$150, or a variable rate of 16¢ per gallon, not to exceed \$150, for each vehicle operating on one of these fuels.

Petroleum Products Tax

{ Introduction }

Effective January 1, 2016, Act 147 of the 2015 Regular Session repealed R.S. 47:818.101 through 104 and enacted R.S. 47:818.111 through 132, changing the method of collecting the fuel tax on CNG, LNG, and LPG used to power motor vehicles. The tax is added to the price of the fuel dispensed at the pump or from the storage container and is paid by the retail dealer selling the fuel for motor fuel purposes, or by the special fuel fleet dealer when used in fleet operations.

Fee for Inspection

To cover the costs of inspecting, testing, and analyzing petroleum products in Louisiana, an inspection fee of $\frac{4}{32}$ of one cent per gallon is collected on all gasoline and diesel that is distributed, sold, offered for sale, used, or consumed in the state. The fee must be paid by the first person handling the fuel, and it must be remitted before delivery to agents, dealers, or consumers.

The inspection fee is not collected on special fuels, bulk sales, and exports out of the state are exempt. Additionally, no fee is due on fuels eligible for tax refunds under R.S. 47:818.15(A)(5) or on fuels sold for use in or distributed to seagoing vessels, as defined in R.S. 3:4602.

Legal Citations

R.S. 47:818.6, enacted by Acts 2005, No. 252, provides that R.S. 47:818.1 et. seq. supersede the provisions of R.S. 47:711-727, 771-788, and 801-815.1 to the extent that they are inconsistent or in conflict. The provisions of R.S. 47:711-727, 771-788, and 801-815.1 that are not inconsistent or in conflict with R.S. 47:818.1 et. seq. remain in effect.

Gasoline and Diesel Fuels Tax:

R.S. 47:818.1 through 818.6-*General Provisions*

R.S. 47:818.11 through 818.62-*Gasoline and Diesel Fuel*

Special Fuels Tax:

R.S. 47:818.1 through 818.6-*General Provisions*

R.S. 47:818.11 through 818.132-*Special Fuels*

Fee for Inspection:

R.S. 3:4684

Tax Base

Gasoline and diesel fuel sold, used, or consumed in Louisiana for domestic consumption, and all special fuels sold, used, or consumed in Louisiana for operating motor vehicles that are licensed or required to be licensed for highway use.

Fee Base

All gasoline and diesel distributed, sold, or offered for sale, use or consumption in Louisiana.

Tax Rate

Gasoline and diesel fuels..... 20¢ per gallon

Special fuels (CNG and LNG)..... 20¢ per gallon

Special fuels (LPG) 14.6¢ per gallon

Fee for inspection..... $\frac{4}{32}$ of 1¢ per gallon

Types of Tax Exemptions

Petroleum product tax relief takes the form of exemptions, refunds, and discounts. Exemptions apply to items that are included in the tax base but are specifically excluded by statute. Refunds provide restitution for taxes already paid. Discounts are proportionate reductions from the amounts reported.

Two statutory tax exemptions are also prohibited from taxation under federal law. Because of these additional restrictions, repealing the exemption alone would not produce the anticipated fiscal effect. For this reason, these exemptions are grouped separately at the end of the section.

Significant Changes

There were no changes to the petroleum products tax laws in the past year.

Petroleum Products Tax

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- 2. **Aviation Gasoline** 169
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- 3. **School Bus Drivers** 170
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- 5. **Timely Filing and Payment by Suppliers/Permissive Suppliers** 171
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Petroleum Products Tax

{ Gasoline Tax Exemptions }

1. Casinghead Gasoline

Casinghead and absorption gasoline sold for blending or compounding with other less volatile liquids in the manufacture of commercial gasoline or motor fuel are exempt from gasoline tax. This exemption is intended to encourage the blending of these products in the production of gasoline or motor fuels.

Legal Citation

R.S. 47:713

Origin

Acts 1928 Ex. Sess., No. 6

Effective Date

Taxable periods beginning on or after January 4, 1929

Beneficiaries

None

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for this data.

2. Aviation Gasoline

Aviation fuel used to propel aircraft, including aircraft operated in interstate or foreign commerce under a certificate or permit issued by the Civil Aeronautics Board of the United States (or any successor or federal governmental board or agency having similar authority), is exempt from gasoline tax. This provision ensures that gasoline sold for aviation use is not subject to the tax.

Legal Citation

R.S. 47:818.14(A)(3); superseded R.S. 47:716.1

Origin

Acts 1980, No. 559, superseded by Acts 2005, No. 252, amended by Acts 2017, No. 145

Effective Date

Taxable periods beginning on or after September 12, 1980

Beneficiaries

Owners/operators of aviation gasoline powered aircraft

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$227,000	\$234,000

Petroleum Products Tax

{ Gasoline Tax Refunds }

3. School Bus Drivers

Contract drivers of privately owned school buses transporting Louisiana students may qualify for a refund of three-fourths of the gasoline tax. This refund does not apply to commercial buses that transport students only incidentally as a part of the operator's regular business. The purpose of this refund is to provide financial assistance to contract drivers of privately owned school buses.

Legal Citation

R.S. 47:818.15(A)(1); superseded R.S. 47:715.1

Origin

Acts 1984, No. 927, superseded by Acts 2005, No. 252

Effective Date

Taxable periods beginning on or after September 3, 1984

Beneficiaries

Contract drivers of privately owned school buses

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0.

4. Farmers, Fishermen, and Aircraft

Tax paid on gasoline fuel used for the following purposes may be refunded, provided the requirements of R.S. 47:1681 et seq. are met:

- Operating or propelling aircraft;
- Operating or propelling any commercial fishing boat or any vehicle used by a licensed fisherman in the administration of business associated with commercial fishing;
- Operating any boat used to transport children to or from school; and
- Operating any farm tractor or any farm machinery, including any stationary motor, used in the actual tilling of the soil and production of crops.

The purpose of this refund is to provide financial assistance to those using gasoline for these specified purposes.

Legal Citation

R.S. 47:818.15(A)(2)

Origin

Acts 1950, No. 371 and Acts 2005, No. 252.

Effective Date

Taxable periods beginning on or after September 1, 1950

Beneficiaries

Farmers, fishermen, and operators of gasoline-powered aircraft

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

Petroleum Products Tax

{ Gasoline Tax Discount }

5. Timely Filing and Payment by Suppliers/ Permissive Suppliers

Suppliers and permissive suppliers who timely file a return and remit payment are allowed an administrative discount of 0.5% of the tax due on gasoline fuels. The discount is permitted only if the supplier passes a 0.33% deduction to purchasers with a valid distributor or importer license. Prior to July 1, 2015, the discount for suppliers was 1.5%, and the deduction for licensed distributors or importers was 1.0%.

Legal Citation

R.S. 47:818.22(A)

Origin

Acts 2005, No. 252, amended by Acts 2015, No. 147

Effective Date

Taxable periods beginning on or after July 1, 2006

Beneficiaries

Suppliers and permissive suppliers who file and pay timely and pass on a portion of its savings

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$2,250,000	\$2,250,000

{ Diesel Fuels Tax Exemption }

6. Dyed Diesel and Dyed Kerosene Gallons Removed for Non-Highway Purposes

Dyed diesel and dyed kerosene fuel are intended for sale and use only for non-highway purposes and off-road vehicles. These fuels are not subject to the fuel tax but are subject to the inspection fee. The purpose of this exemption is to avoid imposing excise taxes on diesel fuels sold for non-highway use and to clearly identify fuel not used for highway purposes.

Legal Citation

R.S. 47:818.14(B)

Origin

Acts 2005, No. 252

Effective Date

For taxable periods beginning on or after July 1, 2006

Beneficiaries

End users who purchase dyed diesel and dyed kerosene fuels

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$150,372,000	\$144,357,000

Petroleum Products Tax

{ Diesel Fuels Tax Refunds }

7. School Bus Drivers

Contract drivers of privately-owned school buses transporting Louisiana students, whether such students are in private or public schools, are eligible for a refund of three-fourths of the diesel fuels tax. This refund is intended to provide financial assistance to these contract drivers.

Legal Citation

R.S. 47:818.15(A)(1); superseded R.S. 47:715.1

Origin

Acts 1984, No. 927

Effective Date

Taxable periods beginning on or after September 3, 1984

Beneficiaries

Contract drivers of privately owned school buses

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$120,000	\$120,000

8. Diesel Fuels Used in Licensed Vehicles by Commercial Fishermen

Licensed commercial fishermen are eligible for a refund of diesel fuels taxes paid on fuel used in operating licensed motor vehicles when performing commercial fishing-related business. This refund provides financial assistance to commercial fishermen.

Legal Citation

R.S. 47:818.15(A)(5); superseded R.S. 47:802.2

Origin

Acts 1982, No. 820, superseded by Acts 2005, No. 252

Effective Date

Taxable periods beginning on or after January 1, 1983

Beneficiaries

Licensed commercial fishermen

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no claims are being filed for this refund.

Petroleum Products Tax

{ Diesel Fuels Tax Refunds }

9. Undyed Diesel Fuels Used for Nontaxable Purposes

Tax paid on undyed diesel fuel used for nontaxable purposes, when dyed diesel fuel is unavailable, may be eligible for a refund. This refund ensures that diesel fuel used for certain purposes is tax-free and provides financial assistance to eligible users.

Legal Citation

R.S. 47:818.15(A)(4)

Origin

Acts 1984, No. 927

Effective Date

Taxable periods beginning on or after September 1984

Beneficiaries

End users who purchase diesel fuel on which tax has been paid

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$462,000	\$439,000

{ Diesel Fuels Tax Discount }

10. Timely Filing and Payment by Suppliers/ Permissive Suppliers

Suppliers and permissive suppliers who timely file a return and remit payment are allowed an administrative discount of 0.5% of the tax due on diesel fuels. The discount is permitted only if the supplier passes a 0.33% deduction to purchasers with valid distributor or importer licenses. For taxable periods beginning before July 1, 2015, the discount for suppliers was 1.5%, and the deduction for licensed distributors or importers was 1.0%.

Legal Citation

R.S. 47:818.22(A)

Origin

Acts 2005, No. 252, amended by Acts 2015, No. 147

Effective Date

Taxable periods beginning on or after July 1, 2006

Beneficiaries

Suppliers and permissive suppliers who timely file and pay and pass on a portion of the savings

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$789,000	\$757,000

Petroleum Products Tax

{ Special Fuels Tax Refunds }

11. School Bus Owners

Owners of school buses, including those owned by school boards, used to transport Louisiana students and powered by an internal combustion engine capable of using liquefied natural gas, liquefied petroleum gas, or compressed natural gas are eligible for a credit equal to 50% of the special fuel tax paid. This credit does not apply to commercial buses that transport students only incidentally as a part of the operator's regular business. The credit must be claimed annually by August 1 of each year for taxes paid during the previous academic year and is recognized in the form of a refund. The purpose of this credit is to provide financial assistance to owners of school buses transporting Louisiana students.

Legal Citation

R.S. 47:818.120(A)

Origin

Acts 2015, No. 147

Effective Date

For taxable periods beginning on or after January 1, 2016

Beneficiaries

Owners of school buses capable of using liquefied natural gas, liquefied petroleum gas, or compressed natural gas

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no claims are being filed for this refund.

{ Special Fuels Tax Discount }

12. Timely Filing and Payment by Dealers

Licensed dealers who file a return and remit payment by the due date are allowed an administrative discount of one-third of one percent (0.33%) of the tax due on special fuels.

Legal Citation

R.S. 47:818.119(A)

Origin

Acts 2015, No. 147

Effective Date

Taxable periods beginning on or after January 1, 2016

Beneficiaries

Licensed dealers that comply with the discount requirements

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

Petroleum Products Tax

{ Inspection Fee Exemptions }

13. Gasoline and Undyed Diesel Brought into Louisiana in Fuel Supply Tanks of Interstate Motor Fuel Users

The inspection fee does not apply to gasoline or undyed diesel fuels brought into Louisiana in the fuel supply tanks of interstate motor fuel users. Most of these users participate in the International Fuel Tax Agreement (IFTA) and report their Louisiana miles and associated excise tax liability to their base jurisdiction.

Legal Citation

R.S. 47:818.13(F), R.S. 3:4684

Origin

Acts 1976, No. 555

Effective Date

Taxable periods beginning on or after January 1, 1977

Beneficiaries

Interstate motor fuel users who travel into and through Louisiana

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$61,000	\$61,000

14. Undyed Diesel Fuel Used by Commercial Fishermen

The inspection fee does not apply to taxed undyed diesel fuel purchased and used in vehicles operated by licensed commercial fishermen for activities related to their commercial fishing business, provided the fuel is eligible for a tax refund under R.S. 47:818.15(A)(5).

Legal Citation

R.S. 3:4684

Origin

Acts 2003, No. 139

Effective Date

Taxable periods beginning on or after September 1, 2003

Beneficiaries

Licensed commercial fishermen

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no reports are being filed claiming this exemption.

Petroleum Products Tax

{ Inspection Fee Exemptions }

15. Diesel Fuels Used in or Distributed to Seagoing Vessels

The inspection fee does not apply to fuels sold for use in, or distributed to, seagoing vessels as defined at R.S. 3:4602. To qualify for the exemption, these vessels must hold an exemption certificate issued under R.S.47:305.1.

Legal Citation

R.S. 3:4684

Origin

Acts 2003, No. 139

Effective Date

Taxable periods beginning on or after September 1, 2003

Beneficiaries

Purchasers of diesel fuel to be used in seagoing vessels

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$640,000	\$366,000

16. Exports of Gasoline or Diesel Fuels

The inspection fee does not apply to gasoline or diesel fuels exported from Louisiana.

Legal Citation

R.S. 3:4684

Origin

Acts 2003, No. 139

Effective Date

Taxable periods beginning on or after September 1, 2003

Beneficiaries

Exporters of products in interstate commerce

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$917,000	\$703,000

Petroleum Products Tax

{ Federally Imposed Exemptions }

17. Gasoline and Diesel Sales to the Federal Government and Its Agencies

Bulk sales of gasoline and diesel fuel of 6,000 gallons or more per transaction to the U.S. Government for its own use, as well as gasoline sold to the U.S. Armed Forces for propelling Navy or Coast Guard ships or for aviation purposes, are exempt from taxes on gasoline and diesel. The purpose of this provision is to provide an exemption for bulk sales and for fuel used for specific government purposes and not for resale at retail.

Legal Citation

R.S. 47:818.14(A)(1) and (2); superseded R.S. 47:715

Origin

Acts 1944, No. 131

Effective Date

Taxable periods beginning on or after July 6, 1944

Beneficiaries

The U.S. Government

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$5,171,000	\$4,903,000

18. Interstate Gasoline and Diesel Shipments/Exports

Gasoline or undyed diesel fuel exported to another U.S. state is exempt from Louisiana tax only if the tax of the destination state is remitted to the supplier for that state. This exemption does not apply to gasoline or undyed diesel fuel transported and delivered outside Louisiana in the fuel supply tank of a highway vehicle.

In addition, gasoline or undyed diesel fuel exported to a foreign country is exempt from the tax if the bill of lading indicates the foreign destination.

These exemptions are intended to comply with the taxation prohibitions of the U.S. Constitution.

Legal Citations

R.S. 47:818.14(C) and (D) and the U.S. Constitution; superseded R.S. 47:717

Origin

Acts 1928 Ex. Sess., No. 6

Effective Date

Taxable periods beginning on or after January 1929

Beneficiaries

Dealers who export products in interstate commerce

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$126,910,000	\$165,420,000

Public Utilities and Carriers Taxes Exemptions

Public Utilities and Carriers Taxes Inspection and Supervision Fee

{ Introduction }

Act 108 of the 1921 First Extraordinary Session, first imposed the Inspection and Supervision Fee. The act required each common carrier and public utility doing business in Louisiana and subject to the control and jurisdiction of the Public Service Commission to pay an annual fee for the inspection, control, and supervision of their business, service, and rates. The fee was set on a graduated scale, with a minimum annual fee of \$10 and a maximum of \$500, due at the end of December. Subsequent changes to the fee and rate schedules occurred in 1928, 1935, 1962, 1970, and again in 1972, when the minimum annual fee increased to \$35 and the statutory maximum was eliminated.

Act 182 of the 1985 Regular Session changed the due date for payment from December 31 to April 1st. Act 561 of that same session implemented a supplemental fee of 20% of the inspection and supervision fee payment on each gas, electric, and telephone public utility.

Act 700 of the 1986 Regular Session changed the reporting period from annually to quarterly, adjusted the rates, and established a minimum quarterly payment of \$12.50, or \$50 annually.

Act 301 of the 1995 Regular Session removed certain motor carriers from the jurisdiction of the Louisiana Public Service Commission following the 1994 enactment of Section 601 of the Federal Aviation Administration Act, thereby excluding these carriers from the Inspection and Supervision Fee.

Act 234 of the 2007 Regular Session further adjusted the rates, repealed the supplemental fee, and increased the minimum quarterly fee to \$20, or \$80 annually.

Legal Citations

R.S. 45:1177 through 1179

Tax Base

Gross receipts from Louisiana intrastate business from each common carrier, contract carrier, and public utility

Tax Rate

- \$5.01 per \$1,000 for the first \$100,000 or less of such gross receipts;
- \$4.23 per \$1,000 of such gross receipts in excess of \$100,000 and not more than \$250,000;
- \$3.45 per \$1,000 of such gross receipts in excess of \$250,000 and not more than \$500,000;
- \$2.68 per \$1,000 of such gross receipts in excess of \$500,000 and not more than \$750,000;
- \$2.29 per \$1,000 of such gross receipts in excess of \$750,000 and not more than \$1,000,000;
- \$1.90 per \$1,000 of such gross receipts in excess of \$1,000,000 and not more than \$2,000,000;
- \$1.51 per \$1,000 of such gross receipts in excess of \$2,000,000 and not more than \$5,000,000;
- \$1.13 per \$1,000 of such gross receipts in excess of \$5,000,000 and not more than \$10,000,000;
- \$0.97 per \$1,000 of such gross receipts in excess of \$10,000,000 and not more than \$25,000,000
- \$0.82 per \$1,000 of such gross receipts in excess of \$25,000,000 and not more than \$100,000,000;
- \$0.71 per \$1,000 of such gross receipts in excess of \$100,000,000

In no case shall the fee be less than \$80 annually.

Types of Tax Exemptions

For this fee, the tax exemptions are in the form of exclusions. Exclusions are items specifically not included in the tax base.

Significant Changes

There were no changes to the inspection and supervision fee laws during the past year.

Public Utilities and Carriers Taxes Transportation and Communication Utilities Tax

{ Introduction }

Act 13 of the 1934 Regular Session imposed a transportation and communication utilities tax on every person owning or operating any public utility in Louisiana. The term “public utility” has been defined to include railroads and railways, sleeping cars, motor bus lines, motor freight lines, express companies, boat or packet lines, and pipelines. The law has remained largely unchanged over the years, with most modifications affecting how the various utilities are defined and how gross receipts are calculated for each utility.

Act 388 of the 1990 Regular Session repealed the transportation and communication utilities tax as it applied to telephone companies. At the same time, the telephone services became subject to sales and use tax.

Legal Citations

R.S. 47:1001 through 1010

Tax Base

Gross receipts, as defined, from the utility’s intrastate business

Tax Rate

Two percent of gross receipts as defined

Types of Tax Exemptions

The only tax exemption provided for is in the form of an exclusion. An exclusion is an item specifically not included in the tax base.

Significant Changes

There were no changes to the transportation and communication utilities tax laws during the past year.

Public Utilities and Carriers Taxes

Index of Exemptions

{ **EXCLUSIONS - INSPECTION AND SUPERVISION FEE** }

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R.S. 45:1177(A)(5)
- 2. **Power Cost** 182
R.S. 45:1177(A)(6)

{ **EXCLUSION - TRANSPORTATION AND COMMUNICATION UTILITIES TAX** }

- 3. **Seven-Mile Zone** 183
R.S. 47:1001, R.S. 47:1003(5)(c)(i)

Public Utilities and Carriers Taxes Inspection and Supervision Fee

{ Exclusions - *Inspection and Supervision Fee* }

1. Ten-Mile Zone

For common carriers operating sightseeing passenger vehicles under a municipal certificate, fees apply only to gross receipts from Louisiana intrastate business conducted outside a municipality and beyond ten miles from its limits. This exclusion is intended to exempt the ten-mile zone from taxation.

Legal Citation

R.S. 45:1177(A)(5)

Origin

Acts 1980, No. 626

Effective Date

Taxable periods beginning on or after September 1980

Beneficiaries

Carriers conducting business operations as provided

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for this data.

2. Power Cost

A deduction from gross receipts is allowed for the cost of wholesale power purchased for resale by electric cooperatives organized pursuant to R.S. 12:401 et seq. The purpose of this exclusion is to prevent double taxation of power.

Legal Citation

R.S. 45:1177(A)(6)

Origin

Acts 1990, No. 39

Effective Date

Taxable periods beginning on or after September 1990

Beneficiaries

Electric cooperatives and their customers

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for this data.

Public Utilities and Carriers Taxes

Transportation and Communication Utilities Tax

{ Exclusion - *Transportation and Communication Utilities Tax* }

3. Seven-Mile Zone

Gross receipts from the transportation of passengers, freight, or property that both originate and are delivered within: (1) the corporate limits of the same city or town or within a seven-mile surrounding area, or (2) within Jefferson or Orleans Parishes or within a seven-mile surrounding area, are not subject to the excise tax. The purpose of this exclusion is to exclude gross receipts from activity within the seven-mile zone from taxation.

Legal Citation

R.S. 47:1001, R.S. 47:1003(5)(c)(i)

Origin

Acts 1965, No. 34, amended by Acts 1991, No. 291; Acts 2011, 1st Ex. Sess., No. 42

Effective Date

For taxable periods beginning on or after June 28, 1965

Beneficiaries

Public utilities that transport within the specified area

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$10,342,000	\$9,515,000

Sales Tax Exemptions

Sales Tax

{ Introduction }

History of the Louisiana State Sales Tax

Louisiana first imposed a sales tax in 1936, originally enacted as a 2% luxury sales tax. This tax was replaced in 1938 with a 1% general sales tax, which remained in effect through 1940. In 1942, the legislature enacted a 1% war emergency tax for a two-year period.

The first permanent sales tax was enacted in 1944 at a rate of 1% (R.S. 47:302). The rate was subsequently increased over time through changes to the existing levy and the addition of new levies:

- 2% in 1948 (R.S. 47:302),
- 3% in 1970 (added R.S. 47:321),
- 4% in 1984 (added R.S. 47:331), and
- 5% in April 2016 (added R.S. 47:321.1).

During the 2018 Third Extraordinary Session, the tax levied under R.S. 47:321.1 was reduced to 0.45%, lowering the overall state sales tax rate to 4.45%.

In 2025, the overall state sales tax rate increased again to 5% as a result of changes to R.S. 47:321.1, R.S. 47:331, and R.S. 51:1286, with an automatic reduction to 4.75% scheduled to occur on January 1, 2030.

Recovery District and Tourism Promotion District Taxes

The general sales tax rate remained at 4% from 1984 until June 30, 1988. In 1988, the legislature created the Louisiana Recovery District and authorized it to issue bonds secured by a sales tax. As part of this structure, the 1% general sales tax imposed under R.S. 47:321 was repealed and replaced by a 1% Recovery District tax. Because of bonding requirements, the Recovery District tax was not affected by later changes in tax law. The combined rate of a 3% general sales tax and a 1% Recovery District tax remained in effect from July 1, 1988, through September 30, 1990.

In 1990, the legislature created the Louisiana Tourism Promotion District and authorized it to levy a sales tax. Effective October 1, 1990, the District imposed a 0.03% sales tax, while the general sales tax rate under R.S. 47:331 was reduced from 1% to 0.97%, maintaining the same overall rate. The Tourism Promotion District tax shared the same tax base as the general sales tax.

On September 30, 1996, the Recovery District bonds were retired, and the District ceased to exist. The Recovery District tax was replaced with a 1% general sales tax levy under R.S. 47:321.

Effective January 1, 2025, the Tourism Promotion District no longer levies a separate 0.03% sales tax under R.S. 51:1286. Instead, the levy under R.S. 47:331 was increased from 0.97% to 1%, with an amount equivalent to the former 0.03% dedicated to the Tourism Promotion District.

Exemptions, Exclusions, and Suspensions

Sales tax exclusions and exemptions have existed since the inception of the tax and have expanded over time. Until 1986, exemptions applied against the full sales tax base. During the 1986 Regular Session, House Concurrent Resolution 55 temporarily suspended exemptions under R.S. 47:331, subjecting traditionally exempt items to a 1% tax from July 1, 1986, through June 30, 1987. This suspension was extended and modified multiple times through June 30, 1997, with suspension rates ranging from 1% to 3%.

From July 1, 1993, through September 30, 1996, exemptions from the 1% Recovery District tax were also suspended, resulting in a combined 4% suspension rate during that period.

Beginning in the late 1980s and 1990s, the legislature increasingly used statutory exclusions under R.S. 47:301 rather than exemptions under R.S. 47:305 to provide tax relief. In 1998, duplicative exemptions were repealed, leaving exclusions as the controlling authority.

From July 1, 1997, through June 30, 2009, exemption suspensions continued at varying rates, including special suspended rates for nonresidential utilities, such as electricity, natural gas, steam, and water.

In 2009, the legislature allowed the suspension of exemptions to expire. As a result, exemptions under R.S. 47:305 again applied to three of the four percent general sales tax but remained subject to the permanent 1% levy under R.S. 47:321. Effective January 1, 2009, the advance sales tax was repealed, and sales for resale became excluded from tax, leaving only the final sale to the consumer subject to tax.

Sales Tax

{ Introduction }

Recent Changes and Modernization

Beginning April 1, 2016, Acts 25 and 26 of the 2016 First Extraordinary Session temporarily suspended most sales tax exemptions and exclusions. This partial suspension remained in effect until June 30, 2018.

Effective July 1, 2018, Act 1 of the 2018 Third Extraordinary Session established identical, exclusive lists of exclusions and exemptions for all state sales tax impositions, except R.S. 47:302. Because R.S. 47:302 did not exclude business utilities, purchases of nonresidential utilities became subject to a 2% state sales tax. These exclusive lists were scheduled to sunset on June 30, 2025.

During the 2024 Third Extraordinary Session, the legislature enacted a comprehensive reorganization of the sales tax laws, increased the state sales tax rate to 5%, and eliminated many exclusions and exemptions and moved many of the remaining exclusions out of R.S. 47:301 into various exemption sections. Effective January 1, 2025, the levy under R.S. 47:321.1 increased from 0.45% to 1%, and the levy under R.S. 47:331 increased from 0.97% to 1%. Food for home consumption, prescription drugs, and residential utilities remain fully exempt from state sales tax, while business utilities continue to be taxed at 2%. The exclusive exemption lists were repealed.

The 2024 Third Extraordinary Session also expanded the sales tax base to include digital products, prewritten computer software access services, and information services.

Legal Citations

R.S. 4:168

R.S. 4:227

R.S. 12:425

R.S. 22:2065

R.S. 33:4169

R.S. 38:2212.4

R.S. 39:467

R.S. 39:468

R.S. 40:582.1 – 582.7

R.S. 47:301 - 333

R.S. 47:1515.1

R.S. 47:6001

R.S. 51:1301

Art. VII Sec. 27 of Louisiana Constitution

Art. VII Sec. 2.2 of Louisiana Constitution

Tax Base

The tax base includes retail sales of tangible personal property, leases or rentals of movable property, digital products, selected services, and applicable use tax on tangible personal property and digital products.

Tax Rate

As of January 1, 2025, the sales tax rate is composed of the following:

Type	Rate	Source
<i>General Sales Tax</i>	<i>2.00 %</i>	<i>R.S. 47:302</i>
	<i>1.00 %</i>	<i>R.S. 47:321</i>
	<i>1.00 %</i>	<i>R.S. 47:321.1</i>
	<i>1.00 %</i>	<i>R.S. 47:331</i>
<i>Total</i>	<i>5.00 %</i>	

Sales Tax

{ Introduction }

Types of Tax Exemptions

Louisiana sales tax exemptions take several forms, including exclusions, exemptions, alternate reporting methods, statutorily prescribed methods, credits, rebates, and refunds.

- Exclusions are items specifically removed from the tax base by definition.
- Exemptions are items that are included in the tax base but have been specifically exempted by statute.
- Alternate reporting methods allow taxpayers to report and remit taxes differently from the standard procedure.
- Statutorily prescribed methods of taxation apply to items for which the law provides a specific method for calculating tax.
- Credits allow taxpayers to deduct a specified amount from the tax due, paying only the net tax.
- Rebates are monetary incentives issued to taxpayers to encourage or reward specific behavior and do not require a claim on a tax return.
- Refunds occur when taxes have been initially paid but the taxpayer is later reimbursed.

This report includes all tax exemptions arising from Louisiana tax statutes. Some statutory exemptions are also protected from taxation by the state constitution, federal law, or existing reciprocal agreements. Because these additional protections prevent a repeal of the exemption from producing the intended fiscal effect, such exemptions are separately grouped at the end of this section.

Significant Changes

2025 Regular Session

Act 82

Act 82 classifies accommodations intermediaries as marketplace facilitators and allows them to file and remit sales and use taxes to the Remote Sellers Commission for taxable periods beginning on or after July 1, 2025. Beginning January 1, 2026, these intermediaries must also remit hotel and motel occupancy taxes to the Commission.

Act 215

Act 215 prohibits the legislature from creating new sales and use tax exemptions, exclusions, credits, or rebates unless they apply uniformly to taxes levied by all taxing authorities. Act 215 is applicable to exemptions, exclusions, credits, or rebates enacted on or after January 1, 2026.

Act 339

Act 339 clarifies that sales of prescription drugs to individuals enrolled in Louisiana Medicaid or Louisiana Children's Health Insurance Program ("CHIP") are exempt from state and local sales and use taxes. Act 339 is effective June 11, 2025.

Act 384

Act 384 reinstates several exemptions, including repairs to property returned out-of-state, vehicle leases and rentals under warranty agreements, nonprofit fundraising events, sales to sickle cell organizations, Habitat for Humanity affiliates, and qualifying radiation therapy centers. These provisions are retroactive to January 1, 2025, for state tax purposes and will apply beginning July 1, 2025, for local tax purposes.

The Act exempts purchases by the Edward Via College of Osteopathic Medicine, and expands ship and vessel exemptions to include digital products and services for ship operation and maintenance; and extends state and local exemptions to general contractors and subcontractors for qualifying public construction projects, subject to certification requirements. Additionally, it caps the combined state and local sales and use tax on Louisiana-registered boats at \$20,000, provided the boat is registered within 90 days of purchase or importation. These provisions apply to taxable periods beginning on or after July 1, 2025.

Lastly, Act 384 lists cable, satellite, and video services as a separate enumerated category of services rather than as a type of information service; and clarifies prior revisions from the 2024 Third Extraordinary Session relating to admissions, dealer definitions, feminine hygiene and diaper products, educational materials, and sewerage and wastewater construction exemptions. The Act further establishes sourcing rules for multiple-listing service purchases by real estate professionals. These provisions apply to taxable periods beginning on or after January 1, 2025.

Act 433

Act 433 classifies rental car facilitators as marketplace facilitators, updates the Remote Sellers Commission provisions to include digital products, modernizes statutory references, removes obsolete language, reinstates vendor compensation for local taxes, and clarifies that the marketplace facilitator economic nexus threshold is \$100,000 in Louisiana sales. Act 433 is applicable to taxable periods beginning on or after July 1, 2025.

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Sales Tax

{ Exemptions and Exclusions }

1. Purchases by Pari-Mutuel Horse Racetracks

Racetracks licensed by the Racing Commission may purchase goods, digital products, services, and rentals without paying sales or use tax. Instead, they pay specific license fees, commissions, and state-imposed taxes that replace the standard sales tax.

This exclusion was partially or fully suspended from April 1, 2016, through December 31, 2024.

Legal Citation

R.S. 4:168

Origin

Acts 1968, No. 554

Effective Date

Taxable periods beginning on or after July 1968

Beneficiaries

Horse racing tracks licensed by the Louisiana State Racing Commission

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

2. Purchases by Off-Track Wagering Facilities

Off-track wagering facilities licensed by the Racing Commission may purchase goods, digital products, services, and rentals without paying sales or use tax. Instead, they pay specific license fees, commissions, and taxes. This approach effectively replaces the standard sales tax with targeted taxes, extending to off-track facilities the same benefit currently available to racetracks.

This exclusion was partially or fully suspended from April 1, 2016, through December 31, 2024.

Legal Citation

R.S. 4:227

Origin

Acts 1990, No. 1013

Effective Date

Taxable periods beginning on or after July 1990

Beneficiaries

Off-track wagering facilities licensed by the Louisiana State Racing Commission

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

Sales Tax

{ Exemptions and Exclusions }

3. Purchases by Nonprofit Electric Cooperatives

Nonprofit electric cooperatives may purchase tangible property, digital products, services, and rentals exempt from taxation. This exemption helps them provide electricity in rural areas by giving them an advantage not available to investor-owned utilities.

This exemption was partially suspended from April 1, 2016, through June 30, 2018.

Legal Citation

R.S. 12:425

Origin

Acts 1940, No. 266, amended by Acts 1968, No. 105

Effective Date

Taxable periods beginning on or after July 1940

Beneficiaries

Rural electric cooperatives

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$1,208,000	\$1,232,000

4. Purchases by a Public Trust

Public trusts may purchase materials, supplies, vehicles, and equipment in bulk exempt from taxation, provided the purchases are for the trust's use. This exemption is intended to support public entities.

This exemption was partially suspended from April 1, 2016, through June 30, 2018, and fully suspended from July 1, 2018, through December 31, 2024.

Legal Citations

R.S. 38:2212.4

Origin

Acts 1989, No. 780 (redesignated from R.S. 38:2212.3 to R.S. 38:2212.4 pursuant to Acts 1999 No. 768)

Effective Date

Taxable periods beginning on or after July 1989

Beneficiaries

Public trusts

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$56,000	\$58,000

Sales Tax

{ Exemptions and Exclusions }

5. Sales by State-Owned Domed Stadiums and Baseball Facilities

Approved large stadiums and professional baseball sites may sell souvenirs, refreshments, parking, and guided tours without charging the sales tax. This exemption does not apply to the sales of goods or digital products at trade shows. The purpose of this exemption is to provide financial support to qualifying stadiums.

Legal Citation

R.S. 39:467

Origin

Acts 1985, No. 2, amended by Acts 2005, No. 391; Acts 2009, No. 464; Acts 2016, 2nd Ex. Sess., No. 13

Effective Date

Taxable periods beginning on or after May 1985

Beneficiaries

Certain state-owned domed stadiums and baseball sites and their on-site vendors

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6.27.

FYE 6-26	FYE 6-27
\$48,000	\$49,000

6. Sales by Certain Publicly-Owned Facilities

Approved publicly-owned facilities may sell souvenirs, refreshments, parking, and guided tours without charging state sales tax, provided local authorities offer a matching local sales tax exemption. This exemption does not apply to goods or digital products sold at trade shows. The purpose of the exemption is to provide financial support to qualifying facilities.

Legal Citation

R.S. 39:468

Origin

Acts 1985, No. 2, amended by Acts 2016, 2nd Ex. Sess., No. 13

Effective Date

Taxable periods beginning on or after May 1985

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11. See also R.S. 47:301(3)(a).

Beneficiaries

Certain publicly-owned facilities and the vendors operating within them

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$1,264,000	\$1,289,000

Sales Tax

{ Exemptions and Exclusions }

7. Installation Charges on Tangible Personal Property

This exclusion allows separately stated installation charges associated with the sale of tangible personal property or digital products to be tax-free.

Legal Citations

R.S. 47:301(3)(a) and (13)(a)

Origin

Acts 1948, No. 9, amended by Acts 2024, 3rd Ex. Sess., No. 5

Effective Date

Taxable periods beginning on or after June 1948

Beneficiaries

Individuals and businesses purchasing taxable items that include a separately stated installation charge

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$80,880,000	\$82,498,000

8. Installation of Board Roads to Oilfield Operators

This exclusion allows installers of board roads, when working with oilfield operators, to separately itemize the installation charges associated with the board road and exclude these charges from sales tax. The purpose of this exclusion is to eliminate sales tax on installation charges paid by oilfield contractors.

Legal Citations

R.S. 47:301(3)(c)

Origin

Acts 1983, No. 446

Effective Date

Taxable periods beginning on or after July 1983

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11. See R.S. 47:301(3)(a) for the general exclusion of separately stated installation charges.

Beneficiaries

Oilfield contractors

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

Sales Tax

{ Exemptions and Exclusions }

9. Manufacturers Rebates on New Motor Vehicles

This exclusion allows the taxable amount of a new vehicle to be reduced by the amount of any manufacturer's rebate allocated directly to the consumer. The purpose of this exclusion is to relieve the new-car buyer from paying tax on the rebate, which reflects a reduction in the sales price.

Legal Citation

R.S. 47:301(3)(b) and (13)(b), as of January 1, 2025; previously R.S. 47:301(3)(e) and (13)(b)

Origin

Acts 1991, No. 350, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after September 1991

Beneficiaries

The general public purchasing new motor vehicles when manufacturers' discounts or rebates reduce the sales price

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$13,424,000	\$13,693,000

10. Room Rentals at Camp and Retreat Facilities

This provision exempts from sales tax certain room rentals at camp and retreat facilities owned and operated by nonprofit organizations that are tax-exempt under Section 501(a) of the Internal Revenue Code as described in Section 501(c)(3). To qualify, the room rentals must be associated with attendance at a function devoted to the nonprofit organization's purposes. Room rentals to individuals simply purchasing lodging for personal use do not qualify.

Legal Citation

R.S. 47:301(6)(b)

Origin

Acts 1998, No. 40, amended by Acts 2005, No. 377

Effective Date

Taxable periods beginning on or after August 1998

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 10

Repealed

R.S. 47:301(14)(b)(iv)

Beneficiaries

Qualifying camp and retreat facilities

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

Sales Tax

{ Exemptions and Exclusions }

11. Admissions to Places of Amusement at Camp and Retreat Facilities

This provision exempts from sales tax certain charges for admission to facilities at property owned and operated by nonprofit organizations that are tax-exempt under Section 501(a) of the Internal Revenue Code as described in Section 501(c)(3). To qualify, the revenue from the facility rentals must be devoted entirely to the nonprofit organization's purposes.

Legal Citation

R.S. 47:301(14)(b)(iv)

Origin

Acts 1998, No. 40, amended by Acts 2005, No. 377

Effective Date

Taxable periods beginning on or after August 1998

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Related Exclusion

R.S. 47:301(6)(b)

Beneficiaries

Qualifying camp and retreat facilities

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

12. Rentals or Leases of Certain Oilfield Property to be Re-Leased or Re-Rented

This exclusion allows oilfield equipment rental dealers to rent or lease certain oilfield equipment from other dealers for the purpose of re-renting or re-leasing, without paying tax on these intermediate rentals. Sales tax is collected only on the rental to the final consumer. The purpose of this exclusion is to relieve dealers from maintaining a large inventory of rental equipment and to avoid tax pyramiding.

Legal Citation

R.S. 47:301(7)(b)

Origin

Acts 1966, No. 124

Effective Date

Taxable periods beginning on or after July - 1966

Beneficiaries

Oilfield equipment rental dealers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$3,751,000	\$3,826,000

Sales Tax

{ Exemptions and Exclusions }

13. Leases or Rentals by Short-Term Equipment Rental Dealers for Re-Lease or Re-Rental

This provision creates a sales tax exclusion for tangible personal property leased or rented by qualifying short-term equipment rental dealers for the purpose of re-rental or re-lease. The exclusion applies only to dealers whose primary business is classified under NAICS code 532412 or 532310 and is primarily derived from renting property for periods of less than 365 days, for an undefined period, or under an open-ended agreement.

Legal Citation

R.S. 47:301(7)(c)(i), as of January 1, 2025; previously, R.S. 47:301(7)(m)

Origin

Acts 2021, No. 7

Effective Date

Taxable periods beginning on or after October 1, 2021

Beneficiaries

Qualifying short-term equipment rental dealers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$321,000	\$327,000

14. Sales and Rentals to Boys State of Louisiana, Inc. and Girls State of Louisiana, Inc.

This exclusion allows Boys State of Louisiana, Inc., and Girls State of Louisiana, Inc., to purchase, lease, or rent tangible personal property without paying sales tax when the property is used for their educational and public service programs for youth. The purpose of this exclusion is to provide financial support to these organizations.

Legal Citation

R.S. 47:301(7)(g), (10)(r), and (18)(f)

Origin

Acts 1996, No. 20

Effective Date

Taxable periods beginning on or after July 1, 1996

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Boys State of Louisiana, Inc. and Girls State of Louisiana, Inc.

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

Sales Tax

{ Exemptions and Exclusions }

15. Digital Products Consumed Where the Digital Product Becomes an Ingredient or Component of the New Product or Service

This exclusion exempts digital products from sales tax when they are used as an ingredient or component in producing a new product or taxable service for sale. The purpose of this exclusion is to encourage business production and innovation by ensuring that digital products used in creating taxable goods or services are not subject to sales tax.

Legal Citation

R.S. 47:301(10)(b)

Origin

Acts 2024, 3rd Ex. Sess., No. 10

Effective Date

Taxable periods beginning on or after January 1, 2025

Beneficiaries

Businesses or individuals who use digital products as components or ingredients to create new products or services for sale

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 is \$961,000. The Department is unable to estimate the revenue loss for FYE 6-27.

16. Purchases by a Private Postsecondary Academic Degree-Granting Institution

This provision excludes from the definitions of ‘retail sale’ and ‘use’ the purchase, importation, storage, distribution, or use of textbooks and course-related software by a qualifying private, degree-granting postsecondary institution that is accredited, licensed by the Board of Regents, headquartered in this state, and offers only online instruction. The exclusion applies when textbooks or software are purchased from an out-of-state vendor, are located outside the state at the time of purchase, are first used by students outside the state, and are provided to students at no charge.

Legal Citations

R.S. 47:301(10)(cc), R.S. 47:301(18)(n)

Origin

Acts 2005, No. 457

Effective Date

Taxation periods beginning on or after July 2005

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Students attending a private postsecondary academic institution which offers only online instruction

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

Sales Tax

{ Exemptions and Exclusions }

17. Purchases of New or Used School Buses

This exclusion allows the sales tax-free purchase of a new or used school bus that is less than five (5) years old, provided the bus is used exclusively by public elementary or secondary schools, public laboratory schools operated by a public college or university, or nonpublic elementary or secondary schools approved by the Louisiana Board of Elementary and Secondary Education. The bus must meet all required safety standards, be painted national school bus yellow, and be purchased from a licensed motor vehicle dealer.

Legal Citations

R.S. 47:301(10)(i)

Origin

Act 1990, No. 724, amended by Acts 2021, No. 166

Effective Date

Taxable periods beginning on or after July 1, 2021

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Purchasers of school buses used exclusively by approved elementary and secondary schools

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

18. Certain Aircraft Assembled in Louisiana

Aircraft manufactured or assembled in Louisiana can be sold tax free, if certain criteria are met. Prior to June 19, 2015, the exemption applied to aircraft with a capacity of more than 50 passengers. For sales on or after June 19, 2015, the exemption applies to aircraft with a maximum capacity of eight passengers. The purpose of the exemption is to encourage aircraft companies to establish manufacturing or assembly facilities in Louisiana.

Legal Citations

R.S. 47:301(10)(m)

Origin

Acts 1992, No. 226, amended by Acts 2015, No. 116

Effective Date

Taxable periods beginning on or after August 1992

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Aircraft manufacturing companies located in Louisiana

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

Sales Tax

{ Exemptions and Exclusions }

19. Admissions Charges to Athletic or Entertainment Events of Colleges and Universities

Colleges and universities are permitted to sell tickets for athletic or entertainment events without charging state sales tax. The purpose of this exemption was to relieve these institutions from collecting and remitting the tax.

This exemption was suspended April 1, 2016, through December 31, 2024, and is now repealed. However, tickets to some events may still be exempt under R.S. 39:467 and 468. See Nos. 5 and 6 in this Section.

Legal Citations

R.S. 47:301(14)(b)(i)(aa)

Origin

Acts 1948, No. 9, amended by Acts 1976, No. 481

Effective Date

Taxable periods beginning on or after June 1948

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Colleges, universities, and patrons of their events

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

20. Sales of Platinum, Gold, and Silver Bullion and Numismatic Coins at Certain Trade Shows

This exclusion allows sales of platinum, gold, and silver bullion to be exempt from sales tax when valued based on their precious metal content, whether in coin or ingot form. Additionally, numismatic coins priced under \$1,000 or sold at national, statewide, or multi-parish coin trade shows are also exempt from sales tax. The purpose of this exclusion is to provide tax-free treatment for monetized bullion and numismatic coins.

Legal Citation

R.S. 47:301(16)(b)(ii)

Origin

Acts 1991, No. 292, amended by Acts 2013, No. 396; Acts 2017, No. 340

Effective Date

Taxable periods beginning on or after July 1, 1991

Beneficiaries

Dealers and purchasers of numismatic coins and bullion

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$5,341,000	\$5,448,000

Sales Tax

{ Exemptions and Exclusions }

21. Certain Geophysical Survey Information and Data Analyses

This exclusion allows geophysical information and data provided under a restricted-use agreement to be exempt from sales tax. These transactions are not considered the sale of tangible personal property and therefore are not subject to tax. The purpose of this exclusion is to clarify that geophysical surveys are not taxable.

Legal Citation

R.S. 47:301(16)(b)(iii)

Origin

Acts 1988, No. 355

Effective Date

Taxable periods beginning on or after July 1988

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Oil exploration and geophysical survey companies

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

22. Work Products of Certain Professionals

This provision excludes the work products of licensed or regulated professionals under Title 37 from sales tax. Work products, whether written on paper, stored on magnetic or optical media, or transmitted electronically (such as tax returns and wills) created in the normal course of business are not considered tangible personal property. This exclusion does not apply to work involving the creation, modification, updating, or licensing of computer software. The purpose is to prevent governmental entities from taxing the work products of Title 37 professionals.

Legal Citation

R.S. 47:301.1(B)(2)(a)-(d), as of January 1, 2025; previously R.S. 47:301(16)(e)

Origin

Acts 1998, No. 46, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after June 1998

Beneficiaries

Professionals licensed or regulated under Title 37

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$1,043,000	\$1,063,000

Sales Tax

{ Exemptions and Exclusions }

23. Other Constructions Permanently Attached to the Ground

For state and local sales and use tax purposes only, this exclusion modifies the Louisiana Civil Code classification of 'other constructions' as movable property when ownership of the construction and the land is not unified. Effective March 25, 2004, 'other constructions' permanently attached to the land are treated as immovable property, regardless of land ownership. Individuals or entities constructing, selling, leasing, renting, or repairing such permanently attached structures must treat them like other immovable property, with sales or use tax applying only to the cost of materials acquired for construction or repairs.

Legal Citation

R.S. 47:301(16)(e), as of January 1, 2025; previously R.S. 47:301(16)(l)

Origin

Acts 2004, 1st Ex. Sess., No. 6, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after March 2004

Beneficiaries

Owners of 'other constructions' who do not own the land on which the structures are located

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$38,747,000	\$39,522,000

24. Miscellaneous Telecommunications Services

Telecommunications services sold for resale, excise and franchise fees and taxes collected by the seller from the purchaser of telecommunications services, telecommunications services among affiliated companies as defined by 26 U.S.C. 1504, and non-telecommunication property or services that are separately stated are excluded from the taxable price of telecommunications services. Prior to January 1, 2025, separately stated ancillary charges were also exempt.

Legal Citation

R.S. 47:301.1(B)(2)(a)-(d), as of January 1, 2025; previously R.S. 47:301.1(B)(2)(a), (c), (e) and (f)

Origin

Acts 1990, No. 388, amended by Acts 1998, No. 58; Acts 2001, No. 1175; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after August 1, 1990

Beneficiaries

All persons or companies using telecommunication services

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

Sales Tax

{ Exemptions and Exclusions }

25. Isolated or Occasional Sales of Tangible Personal Property

This exclusion allows isolated or occasional sales—excluding motor vehicles—that are not part of the regular business activity of the seller to be made tax-free. Both businesses and individuals may claim this exclusion. Its purpose is to permit tax-free sales between individuals not engaged in retail and by businesses for sales outside their normal operations.

Legal Citation

R.S. 47:305(A), as of January 1, 2025; previously R.S. 47:301(1) and (10)(c)(ii)(bb)

Origin

Acts 1948, No. 9, amended by Acts 2024, 3rd Ex. Sess., No 11

Effective Date

Taxable periods beginning on or after June 1948

Beneficiaries

Individuals not engaged in retail sales and businesses that sell items outside of their regular business activities

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$2,765,000	\$2,820,000

26. Articles Traded in on Tangible Personal Property

Credit given to a purchaser for the trade-in of like-kind property is exempt from taxation. These credits are excluded from the definition of sales price. The purpose of this exclusion is to reduce the taxable sales price for consumers.

Legal Citation

R.S. 47:301(13)(a)

Origin

Acts 1989, 2nd Ex. Sess., No. 14

Effective Date

Taxable periods beginning on or after August 1, 1989

Beneficiaries

Any persons or businesses that purchase taxable property utilizing trade-ins

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$674,000	\$687,000

Sales Tax

{ Exemptions and Exclusions }

27. Steam Used in Processing of Raw Agricultural Product

This exemption allows manufacturers to purchase steam tax-free when it is produced from a raw agricultural product and used predominantly and directly in a facility engaged in processing agricultural products. Eligible manufacturers are those classified under NAICS Sector 11 (agriculture, forestry, fishing, and hunting).

Legal Citation

R.S. 47:305(D)(1)(b), 302(BB)(107), 321(P)(107), 321.1(P)(107), and 331(V)(107)

Origin

Act 2018, 3rd Ex. Sess., No. 1

Effective Date

Taxable periods beginning on or after July 1, 2018

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11. However, see R.S. 47:305(C)(3) for the partial exemption for general business utilities.

Beneficiaries

Manufacturers assigned a NAICS Sector code of 11

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

28. Sale and Purchase of Electricity for Use in Production Activity of Stripper Wells

This exemption allows the tax-free sale and purchase of electricity, as provided in R.S. 47:305(D)(1)(d), when used in oil production activity from a stripper well that is subject to state severance tax pursuant to R.S. 47:633(3)(c)(i) and (ii).

Legal Citation

R.S. 47:305(D)(1)(d), 302(BB)(102), 321(P)(102), 321.1(P)(102) and 331(V)(102)

Origin

Act 2018, 3rd Ex. Sess., No. 1

Effective Date

Taxable periods beginning on or after July 1, 2018

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11. However, see R.S. 47:305(C)(3) for the partial exemption for business utilities.

Beneficiaries

Producers of oil from stripper wells

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

Sales Tax

{ Exemptions and Exclusions }

29. Sales of Steam - Nonresidential

This exemption allows the tax-free sale of steam for non-residential purposes. Effective January 1, 2018, these transactions are exempt only from the sales taxes imposed under R.S. 47:321, 321.1, and 331, but remain subject to the 2% sales tax under R.S. 47:302.

Legal Citations

R.S. 47:305(C)(3), as of January 1, 2025; previously R.S. 47:305(D)(1)(b)

Origin

Acts 1948, No. 9, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after June 1948

Beneficiaries

Industrial users of steam

Estimated Fiscal Effect

Pertinent transactions are subject to a 2% state sales tax rate for FYE 6-26 and FYE 6-27.

See number 31 in this Section.

30. Sales of Electric Power or Energy, Natural Gas, and Energy Sources Used as Boiler Fuel, Except Refinery Gas - Nonresidential

Electric power and energy, materials or energy sources used to fuel the generation of electric power for resale or used by an industrial manufacturing plant for self-consumption or cogeneration, and energy sources used for boiler fuel except refinery gas are exempt from tax.

Effective January 1, 2018, these transactions are only exempt from the sales tax levied in R.S. 47:321, 321.1, and 331. They are subject to the 2% sales tax levied by R.S. 47:302.

Legal Citation

R.S. 47:305(C)(3), as of January 1, 2025; previously R.S. 47:305(D)(1)(d) and (h)

Origin

Acts 1948, No. 9, amended by Acts 1980, No. 159; Acts 1984, No. 183; Acts 1985, No. 258; Acts 1990, Act 476; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after June 1948

Beneficiaries

Commercial users of electric power and energy; and commercial consumers purchasing utilities for power generation, cogeneration, and boiler fuel

Estimated Fiscal Effect

Pertinent transactions are subject to a 2% state sales tax rate for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$226,355,000	\$230,882,000

Sales Tax

{ Exemptions and Exclusions }

31. Sales of Water - Nonresidential

This exemption allows the tax-free sale of water sold in bulk (not in containers) to nonresidential users of water utility services.

Effective January 1, 2018, these sales are exempt only from the taxes imposed under R.S. 47:321, 321.1, and 331, but remain subject to the 2% sales tax under R.S. 47:302.

Legal Citation

R.S. 47:305(C)(3), as of January 1, 2025; previously R.S. 47:305(D)(1)(c)

Origin

Acts 1948, No. 9, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after June 1948

Beneficiaries

Nonresidential users of water utility services

Estimated Fiscal Effect

Pertinent transactions are subject to a 2% state sales tax rate for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$8,318,000	\$8,485,000

32. Tangible Personal Property Sold or Donated to Food Banks

Food banks, as defined in R.S. 9:2799, are permitted to buy tangible personal property, including food, free from taxation. The purpose is to increase the purchasing power of qualifying food banks.

Legal Citation

R.S. 47:305(D)(1)(c), as of January 1, 2025; previously R.S. 47:301(10)(j) and (18)(a)(i)

Origin

Acts 1990, No. 817, amended by Acts 1992, No. 514; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after September 1990

Beneficiaries

Qualifying food banks

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$15,000	\$15,000

Sales Tax

{ Exemptions and Exclusions }

33. Sales of Food Items by Youth Organizations

Youth organizations chartered by Congress, such as the Boy Scouts and Girl Scouts, are permitted to sell food tax free. The purpose is to exempt these sales from taxation.

Legal Citation

R.S. 47:305(D)(1)(d), as of January 1, 2025; previously R.S. 47:301(10)(h)

Origin

Acts 1989 2nd Ex. Sess., No. 10, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after September 1989

Beneficiaries

Qualifying youth groups

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

34. Trucks, Automobiles, and New Aircraft Removed from Inventory for Use as Demonstrators

This exemption allows factory-authorized dealers to use new trucks, automobiles, aircraft, and motorcycles withdrawn from stock or held in inventory as demonstrators, as well as used trucks and automobiles from inventory, without paying sales tax. To qualify, demonstrator units must remain on the dealer's premises during regular business hours. The purpose of this exemption is to allow the use of demonstrators for marketing purposes without subjecting them to use tax prior to the sale at retail.

Legal Citation

R.S. 47:305(D)(1)(e) and (G)(2), as of January 1, 2025; previously R.S. 47:305(D)(1)(i)

Origin

Acts 1962, No. 182, amended by Acts 1974, No. 186; Acts 1987, No. 847; Acts 2019, No. 102; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after August 1, 1962

Beneficiaries

Truck, automobile, and aircraft dealers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

Sales Tax

{ Exemptions and Exclusions }

35. Boats, Vessels, and Other Watercraft as Demonstrators

New and used boat dealers are permitted to use boats, vessels, or other watercraft for demonstrations tax-free. To qualify for this exemption, the craft must be registered to the dealer and used no more than six consecutive days or 12 days in a month. The purpose of this exemption is to allow boat dealers to demonstrate their products to potential buyers without subjecting them to use tax.

This exemption was partially or fully suspended for taxable periods beginning July 1, 2016, through July 1, 2019, and is repealed as of January 1, 2025.

Legal Citation

R.S. 47:305(D)(1)(i)

Origin

Acts 2009, No. 442, amended by Acts 2019, No. 102

Effective Date

Taxable periods beginning on or after July 1, 2009

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Boat and other watercraft dealers

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

36. Sales of Food by Certain Institutions

Meals sold to students, faculty, and staff of educational institutions—including kindergartens—are exempt when the meals are eaten on the premises where they are purchased, or when they are bought in advance under a school-sponsored meal plan or another prepayment arrangement.

Meals furnished to the staff and patients of hospitals; the staff and residents of nursing homes, adult residential care providers, and continuing care retirement communities; the staff, inmates, and patients of mental institutions; and boarders of rooming houses are also exempt, but only when the meals are consumed on the premises where they are purchased.

In addition, the exemption covers occasional meals furnished to the public in the facilities of educational, religious, or medical organizations, again limited to meals consumed on the premises. Except for the broader rule applicable to educational institutions, the general condition for this exemption is that the meals must be eaten at the location where they are sold.

Legal Citation

R.S. 47:305(D)(2)

Origin

Acts 1973 Ex. Sess., No. 13, amended by Acts 2009, No. 473; Acts 2013, No. 271

Effective Date

Taxable periods beginning on or after January 1, 1974

Beneficiaries

Certain institutions

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$612,000	\$624,000

Sales Tax

{ Exemptions and Exclusions }

37. Room Rentals at Certain Homeless Shelters

This provision excludes certain homeless shelters from the definition of 'hotel,' creating a sales tax exemption for lodging charges at these facilities. To qualify, facilities must be operated by a nonprofit organization exempt under Internal Revenue Code Section 501(c)(3) and provide temporary housing exclusively for homeless transient individuals for no more than 30 days, with lodging charges not exceeding \$20 per day.

Legal Citation

R.S. 47:305(E)(1), as of January 1, 2025; previously R.S. 47:301(6)(c)

Origin

Acts 2009, No. 456, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 2009

Beneficiaries

Homeless transient persons

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

38. Membership Fees or Dues of Nonprofit or Civic Organizations

This exemption allows nonprofit civic organizations—such as the YMCA, YWCA, and Catholic Youth Organization (CYO)—to collect membership dues tax-free for access to their facilities. The purpose of this exclusion is to provide financial support to qualifying organizations.

Legal Citation

R.S. 47:305(E)(2), as of January 1, 2025; previously R.S. 47:301(14)(b)(i)(bb)

Origin

Acts 1948, No. 9, amended by Acts 1976, No. 481; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after June 1948

Beneficiaries

Certain nonprofit organizations

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$110,000	\$113,000

Sales Tax

{ Exemptions and Exclusions }

39. Surface Preparation, Coating, and Painting of Certain Aircraft

Louisiana dealers are allowed to perform surface preparation, coating, and painting on fixed rotary-wing military aircraft or certain certified transport aircraft free from taxation, provided the aircraft's FAA registration is outside of Louisiana. The purpose of this exemption is to help Louisiana dealers remain competitive with neighboring states.

Legal Citation

R.S. 47:305(E)(3), as of January 1, 2025; previously R.S. 47:301(14)(g)(iv)

Origin

Acts 2017, No. 279, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 2017

Beneficiaries

Louisiana dealers who repair airplanes

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$262,000	\$267,000

40. Repair Services Performed in Louisiana When the Repaired Property is Exported

Louisiana dealers are permitted to repair out-of-state tangible personal property tax-free, provided the property is returned to the other state. The purpose of this exemption is to help Louisiana dealers stay competitive with neighboring states.

This exemption was partially suspended between April 1, 2026, and June 30, 2018. Additionally, it was repealed effective January 1, 2025, and then retroactively reenacted back to January 1, 2025.

Legal Citation

R.S. 47:305(E)(4)(a), as of January 1, 2025; previously R.S. 47:301(14)(g)(i)(bb)(I)

Origin

Acts 1977, 1st Ex. Sess., No. 17, amended by Acts 2007, No. 173; Acts 2024, 3rd Ex. Sess., No. 11; Acts 2025, No. 384

Effective Date

Taxable periods beginning on or after July 1, 1978

Beneficiaries

Louisiana repair shops located near the boundaries of the neighboring states

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$3,639,000	\$3,712,000

Sales Tax

{ Exemptions and Exclusions }

41. Property Purchased for Exclusive Use Outside the State

This exemption allows tangible personal property or digital products purchased within or imported into Louisiana for first use exclusively outside of Louisiana to be exempt from the sales tax. If the property is later brought back to Louisiana for a taxable purpose, Louisiana use tax applies at that time. 'Use for a taxable purpose' does not include transportation beyond the state, repairs, modifications, fabrication, or storage for first offshore use. Charges for repairs in Louisiana for property used offshore are taxable, except as provided in R.S. 47:305(H).

Legal Citation

R.S. 47:305.10

Origin

Acts 1964, No. 172, amended by Acts 2005, No. 457

Effective Date

Taxable periods beginning on or after July 1964

Beneficiaries

Businesses that purchase tangible personal property and digital products within Louisiana for first use outside of Louisiana

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$112,477,000	\$114,726,000

42. Repairs, Renovations, or Conversions of Drilling Rigs

This exclusion allows drilling rigs used exclusively for mineral exploration or development in outer continental shelf waters, outside Louisiana's territorial limits, to be repaired, renovated, or converted tax-free.

Legal Citation

R.S. 47:305(H), as of January 1, 2025; previously R.S.47:301(14)(g)(iii) and R.S. 47:305(I)

Origin

Acts 2007, No. 173, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after June 2007

Beneficiaries

Oilfield companies using drilling rigs exclusively for the exploration or development of minerals outside the territorial limits of the state in the outer continental shelf waters

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$23,214,000	\$23,678,000

Sales Tax

{ Exemptions and Exclusions }

43. Advertising Services

This exemption recognizes advertising services provided by an advertising agency as exempt from state and local sales and use tax. It applies to advertising services and to tangible personal property when advertising services make up a major part of the property produced. It does not apply to mass-produced advertising items with minimal services. Pure advertising services have never been taxable. Effective January 1, 2025, this exclusion also applies to digital products, unless mass-produced.

The purpose of this exemption is to clarify that advertising services and the related tangible or digital products produced primarily for advertising purposes are not subject to state or local sales and use tax, while ensuring that mass-produced items with minimal services remain taxable.

Legal Citation

R.S. 47:305(I), as of January 1, 2025; previously R.S. 47:302(D)

Origin

Acts 1987, No. 869, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after January 1, 1982

Beneficiaries

Advertising agencies and their customers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$5,793,000	\$5,909,000

44. Used Manufactured Homes and 54 Percent of Cost of New Manufactured Homes

This exemption allows used manufactured homes and 54% of the cost of new factory-built homes to be purchased exempt from sales tax. Factory-built homes include manufactured homes, modular homes, mobile homes, or residential mobile homes, with or without a permanent foundation, and including plumbing, heating, and electrical systems. The purpose is to treat factory-built homes similar to immovable property residences by imposing sales tax on that portion of a new factory-built home associated with building materials.

Legal Citation

R.S. 47:305(J), as of January 1, 2025; previously R.S. 47:301(16)(g)

Origin

Acts 2000, No. 30, amended by Acts 2001, No. 1212; Acts 2009, No. 500; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 2001

Beneficiaries

Individuals that purchase new and used manufactured homes

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$23,090,000	\$23,552,000

Sales Tax

{ Exemptions and Exclusions }

45. Purchases or Leases of Motor Vehicles for Re-Lease or Re-Rent by Qualified Lessors

Purchases of motor vehicles, trailers, and semi-trailers to be used exclusively for leases or rentals are exempt from sales tax. The leases must be at reasonable market rates in an arms-length transaction.

Legal Citation

R.S. 47:305(K) and 305.36, as of January 1, 2025; previously only R.S. 47:305.36

Origin

Acts 1982, No. 415, amended by Acts 1984, No. 539; Acts 1985, No. 847; Acts 1991, No. 495; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after September 1982

Beneficiaries

Louisiana rental dealers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$34,000	\$35,000

46. Purchases of Tangible Personal Property for Lease or Rental

Rental companies can purchase tangible personal property tax-free when it is intended for use as rental property. The purpose is to provide financial relief to dealers and make them more competitive with dealers in neighboring states that offer similar exemptions.

Legal Citation

R.S. 47:305(K), as of January 1, 2025; previously R.S. 47:301(10)(a)(iii) and (18)(a)(iii)

Origin

Acts 1990, Nos. 140 and 1030, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 1990

Beneficiaries

Louisiana rental dealers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$24,879,000	\$25,377,000

Sales Tax

{ Exemptions and Exclusions }

47. Purchases of Automobiles for Lease or Rental

Rental companies are permitted to buy automobiles free from taxation when the vehicles are used solely for rental purposes. The goal is to provide financial relief to dealers and keep them competitive with those in neighboring states with similar exemptions.

Legal Citation

R.S. 47:305(K) and 305.36, as of January 1, 2025; previously R.S. 47:301(10)(a)(i) and 305.36

Origin

Acts 1990, Nos. 140 and 1030, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 1990

Duplicate Provision

R.S. 47:305.36 (limited to motor vehicles, trailers, and semi-trailers)

Beneficiaries

Louisiana rental dealers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$98,090,000	\$100,052,000

48. Vehicle Rentals for Re-Rent to Warranty Customers

This provision allows licensed motor vehicle dealers to lease or rent motor vehicles without paying the tax when the vehicles are provided to customers at no charge under the terms of a warranty agreement associated with the purchase of a motor vehicle. The provision also applies when a warranty has expired, provided the rental vehicle is still furnished at no charge. The purpose of this exemption is to provide financial assistance to motor vehicle dealers.

This exemption was repealed effective January 1, 2025, and then retroactively reenacted back to January 1, 2025.

Legal Citation

R.S. 47:305(L), as of January 1, 2025; previously R.S. 47:301(7)(h)

Origin

Acts 1998, No. 49, amended by Acts 2025, 3rd Ex. Sess., No. 11; Acts 2025, No. 384

Effective Date

Taxable periods beginning on or after August 1, 1998

Beneficiaries

Motor vehicle dealers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$55,000	\$56,000

Sales Tax

{ Exemptions and Exclusions }

49. Sales of 50-Ton Vessels and New Component Parts and Sales of Certain Materials, Software, and Services to Vessels Operating in Interstate Commerce (updated effective July 1, 2025)

This exemption allows the tax-free purchase of materials, equipment, and machinery that become component parts of vessels with a load displacement of 50 tons or more, built in Louisiana. The sale of these vessels is also exempt.

Additionally, vessels operating exclusively in foreign or interstate coastwise commerce may purchase materials, supplies, software, repair services (including component materials and software), and laundry services without paying sales tax. The exemption also extends to qualifying digital products, prewritten computer software access services, and information services used in the maintenance or operation of a vessel, including those required for navigation, commercial operation, or to obtain certifications or approvals from the U.S. Coast Guard or other regulatory or classification authorities. The exemption does not apply to digital products or services used for routine business operations unrelated to vessel operations or for entertainment or recreational purposes.

For purposes of the exemptions in this provision, vessels include ships, vessels, barges, commercial fishing vessels, drilling ships and drilling barges.

Legal Citation

R.S. 47:305.1

Origin

Acts 1959, No. 51, amended by Acts 2002, Nos. 40 and 41; Acts 2006 1st Ex. Sess., No. 34; Acts 2025, No. 384

Effective Date

Taxable periods beginning on or after June 1959; expansion to digital products and services used in the maintenance and operation of the ship or vessel effective July 1, 2025

Beneficiaries

Purchasers and owners of qualifying ships, vessels, and barges

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$14,939,000	\$15,238,000

50. Ostomy, Colostomy, Ileostomy, and Other Appliance Devices

This exemption allows tax-free sales of ostomy, ileostomy, and colostomy devices, as well as catheters and other related appliances required as a result of a surgical procedure that creates an artificial opening in the human body for the elimination of natural waste. The purpose of this exemption is to provide financial assistance to individuals who require these devices.

Legal Citation

R.S. 47:305.2(A)(2), as of January 1, 2025; previously R.S. 47:305(D)(1)(l)

Origin

Acts 1979, No. 145, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after January 1, 1986

Beneficiaries

Individuals requiring ostomy, colostomy, ileostomy, or other similar medical devices

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$135,000	\$138,000

Sales Tax

{ Exemptions and Exclusions }

51. Medical Devices Used by Patients Under the Supervision of a Physician

This exemption allows tax-free sales of medical devices used exclusively by the patient for the treatment of various diseases. It also includes medical devices administered exclusively to the patient by a physician, nurse, or other health care professional or health care facility, when provided under the supervision of and prescribed by a licensed physician. The purpose of this exemption is to provide financial relief to individuals requiring medical treatment of various diseases.

Legal Citation

R.S. 47:305.2(A)(3), as of January 1, 2025; previously R.S. 47:305(D)(1)(s)

Origin

Acts 1998, No. 38, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after June 1998

Beneficiaries

Individuals requiring medical treatment of various diseases

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$52,394,000	\$53,442,000

52. Adaptive Driving Equipment and Motor Vehicle Modification

This provision allows the tax-free purchase of adaptive driving equipment and modifications to motor vehicles when prescribed by a physician, licensed chiropractor, or driver rehabilitation specialist licensed by the state. The purpose of this exemption is to provide financial assistance to individuals requiring special driving equipment.

Legal Citation

R.S. 305.2(A)(4), as of January 1, 2025; previously R.S. 47:305(D)(1)(u)

Origin

Acts 1998, No. 37, amended by Acts 2024, 3rd Ex. Sess., No. 1

Effective Date

Taxable periods beginning on or after June 1998

Beneficiaries

Individuals requiring specialized driving equipment

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$12,000	\$12,000

Sales Tax

{ Exemptions and Exclusions }

53. Sales of Insulin Without a Prescription

This exemption permits the sale of nonprescription insulin without the tax imposed by R.S. 47:302(A) and 321 when used by consumers. Nonprescription insulin remains subject to sales tax imposed by R.S. 47:321.1 and 331. Insulin prescribed by a physician is already exempt from tax under Article VII, Section 2.2 of the Louisiana Constitution. The purpose of this exemption is to provide financial assistance to individuals who require insulin.

This exemption was partially or completely suspended from April 1, 2016, through December 31, 2024.

Legal Citation

R.S. 47:305.2(A)(5)

Origin

Acts 1974, No. 183, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after January 1, 1975

Beneficiaries

Individuals who purchase nonprescription insulin

Estimated Fiscal Effect

Pertinent transactions are subject to a 2% state sales tax rate for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

54. Purchases, Leases, and Sales of Services by Free Hospitals

This exemption allows hospitals that provide free care to all patients to purchase, lease, or rent tangible personal property, or obtain services, without paying sales tax. The purpose of this exclusion is to provide financial relief to hospitals offering free services.

Legal Citation

R.S. 47:305.2(B)(10), as of January 1, 2025; previously R.S. 47:301(7)(e), (10)(p) and (18)(c)

Origin

Acts 1994, No. 6, amended by Acts 1996, No. 43, Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 1994

Beneficiaries

Hospitals that provide free care to all patients

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$3,384,000	\$3,452,000

Sales Tax

{ Exemptions and Exclusions }

55. Sales of Marijuana for Therapeutic Use

This exclusion allows marijuana recommended for therapeutic use by patients clinically diagnosed with a debilitating medical condition, as defined in R.S. 40:1046, to be purchased without paying sales tax. The purpose of this exclusion is to provide financial assistance to individuals using marijuana to treat such conditions.

Legal Citation

R.S. 40:1046 and R.S. 47:305.2(B)(11), as of January 1, 2025; previously R.S. 40:1046 and R.S. 47:301(10)(ii)

Origin

Acts 2019, No. 331, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 2019

Beneficiaries

Individuals using marijuana to treat debilitating medical conditions

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use tax for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$6,568,000	\$6,699,000

56. Materials Used Directly in the Collection of Blood

Nonprofit blood banks and blood collection centers are permitted to purchase materials used directly in the collection, separation, treatment, testing, and storage of blood free from taxation. The purpose of this exemption is to provide financial relief to nonprofit blood collection organizations.

Legal Citation

R.S. 47:305.2(B)(12), as of January 1, 2025; previously R.S. 47:301(16)(j)

Origin

Acts 2002, No. 70, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 2002

Beneficiaries

Nonprofit blood banks and blood collection centers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$21,000	\$22,000

Sales Tax

{ Exemptions and Exclusions }

57. Apheresis Kits and Leuko Reduction Filters

The exemption allows nonprofit blood banks and blood collection centers to purchase apheresis kits and leuko reduction filters tax-free. The purpose of this exemption is to provide financial assistance to nonprofit blood banks and blood collection centers.

This exemption was suspended from April 1, 2016, through June 30, 2016, and repealed as of December 31, 2025.

Legal Citation

R.S. 47:305.2(B)(12), as of January 1, 2025; previously R.S. 47:301(16)(k)

Origin

Acts 2002, No. 71

Effective Date

Taxable periods beginning on or after July 1, 2002

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11; However, see R.S. 47:305.2(B)(12), under which apheresis kits and leuko reduction may be exempt as materials used in the collection, separation, or treatment of blood.

Beneficiaries

Nonprofit blood banks and blood collection centers

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

58. Orthotic and Prosthetic Devices

This exemption allows tax-free sales of orthotic devices, including prescription eyeglasses, contact lenses, hearing aids, prosthetics, wheelchairs and wheelchair lifts when prescribed by physicians, optometrists or licensed chiropractors for personal consumption or use. The purpose of this exemption is to provide financial assistance to individuals who require these devices.

Legal Citation

R.S. 47:305.2(B)(2), as of January 1, 2025; previously R.S. 47:305(D)(1)(k)(i)

Origin

Acts 1973, Ex. Sess. No.13, amended by Acts 1974, No. 186 and 627; Acts 2007, No. 463; Acts 2015, No. 468; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after January 1, 1974

Beneficiaries

Persons requiring orthotic and prosthetic devices, eyeglasses, contact lenses and wheelchairs

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$14,953,000	\$15,252,000

Sales Tax

{ Exemptions and Exclusions }

59. Restorative Materials Used by Dentists

This exemption allows tax-free sales of restorative materials used by or prescribed by dentists in the treatment of dental or health related conditions. It includes all orthotic devices, prosthetic devices, prostheses and all dental devices used exclusively by the patient or administered exclusively to the patient by a dentist or dental hygienist in connection with dental or health care treatment. The purpose of this exemption is to provide financial relief to individuals requiring dental treatment for various conditions.

Legal Citation

R.S. 47:305.2(B)(3), as of January 1, 2025; previously R.S. 47:305(D)(1)(t)

Origin

Acts 1991, No. 1065, amended by Acts 2002, No. 72; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after January 1, 1992

Beneficiaries

Individuals requiring dental treatment

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$792,000	\$808,000

60. Kidney Dialysis Machines, Parts, and Supplies for Home Use When Prescribed by a Physician

This exemption allows the tax-free purchase or rental of kidney dialysis machines, parts, and supplies prescribed by a physician for home use. The purpose of this exemption is to provide financial assistance to individuals requiring the use of a kidney dialysis machine.

Legal Citation

R.S. 47:305.2(B)(6), as of January 1, 2025; previously R.S. 47:305(G)

Origin

Act 1975, No. 200, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after September 1975

Beneficiaries

Individuals requiring kidney dialysis machines, parts, and supplies prescribed by a physician

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$499,000	\$509,000

Sales Tax

{ Exemptions and Exclusions }

61. Pharmaceutical Samples Distributed in Louisiana

This exemption allows pharmaceutical samples to be exempt from sales and use tax when distributed free of charge to physicians, dentists, clinics, and hospitals. The purpose of this exemption is to provide financial assistance to drug manufacturers.

Legal Citation

R.S. 47:305.2(B)(7), as of January 1, 2025; previously R.S. 47:305.47

Origin

Acts 1989, No. 383, amended by Acts 2025, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 1989

Beneficiaries

Drug manufacturers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$638,000	\$651,000

62. Sales of Human-Tissue Transplants

This exemption allows the tax-free sale of human tissue intended for transplant from one individual to another. Human-tissue transplants include all human organs, bones, skin, corneas, blood, and blood products. The purpose of this exemption is to ensure that human tissue used in transplants is exempt from sales tax.

Legal Citation

R.S. 47:305.2(B)(9), as of January 1, 2025; previously R.S. 47:301(10)(d)

Origin

Acts 1987, No. 435, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1987

Beneficiaries

Transplant recipients

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$3,640,000	\$3,712,000

Sales Tax

{ Exemptions and Exclusions }

63. Sales of Raw Agricultural Commodities

This exemption allows the sale of raw agricultural products intended for the production of crops or livestock for market to be exempt from general sales tax. This includes feed, seed, and fertilizer. Raw agricultural products are treated as resale items under R.S. 47:301(10), with sales tax collected only on the sale of the finished product. The purpose of this exemption is to clarify that raw agricultural commodities are not subject to sales tax.

Legal Citation

R.S. 47:305.3, as of January 1, 2025; previously R.S. 47:301(10)(c)(i)(aa)(II) and (ii)(II), 301(10)(e), and 305(A)(4)(b)(i) and (iii)

Origin

Acts 1988, No. 307, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1988

Beneficiaries

Producers of crops and livestock

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$6,170,000	\$6,293,000

64. Sales of Agricultural Fencing Materials to Commercial Farmers

This exemption provides a state and local sales and use tax exemption for purchases of agricultural fencing by commercial farmers.

From August 1, 2023, until December 31, 2024, these purchases were partially exempt, subject to a 2% state sales tax rate. Effective January 1, 2025, purchases, by commercial farmers, of agricultural fencing are entirely exempt from state and local sales and use tax.

Legal Citation

R.S. 47:305.3, as of January 1, 2025; previously R.S. 47:305.79

Origin

Acts 2023, No. 425, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after August 1, 2023

Beneficiaries

Commercial Farmers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$120,000	\$123,000

Sales Tax

{ Exemptions and Exclusions }

65. Sales of Seeds for Planting Crops

This exemption allows commercial farmers to purchase seeds without paying sales tax. Commercial farmers include those who grow crops for sale as well as those who grow crops for livestock, poultry, fish, or dairy animals. The purpose of this exemption is to provide financial assistance to commercial farmers.

Legal Citation

R.S. 47:305.3(B)(2)(a), as of January 1, 2025; previously R.S. 47:305.3 and 301(10)(e)

Origin

Acts 1960, No. 27, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1960

Beneficiaries

Commercial farmers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$21,282,000	\$21,708,000

66. Pharmaceuticals Administered to Livestock for Agricultural Purposes

This exemption allows pharmaceuticals to be sold or purchased without paying sales tax when administered to livestock used for agricultural purposes. To qualify, the pharmaceuticals must be registered with the Louisiana Department of Agriculture and Forestry. The purpose of this exemption is to provide financial relief to farmers using registered pharmaceuticals for livestock.

Legal Citation

R.S. 47:305.3(B)(2)(c), as of January 1, 2025; previously R.S. 47:301(16)(f)

Origin

Acts 2000, No. 33, amended by Acts 2006, No. 41; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 2000

Beneficiaries

Livestock farmers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$221,000	\$225,000

Sales Tax

{ Exemptions and Exclusions }

67. Sales of Certain Fuels Used for Farm Purposes

This exemption allows the tax-free purchase of diesel fuel, butane, propane, and other liquefied petroleum gases for farm use. The purpose of this exemption is to provide financial assistance to commercial farmers.

Legal Citation

R.S. 47:305.3(B)(2)(f), as of January 1, 2025; previously R.S. 47:305.37

Origin

Acts 1982, No. 820, amended by Acts 1985, Nos. 511 and 621; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after January 1, 1983

Beneficiaries

Commercial farmers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$3,256,0000	\$3,321,000

68. First \$150,000 of the Sales Price of Certain Farm Equipment and Attachments (\$50,000 prior to January 1, 2025)

This provision exempts the first \$150,000 of the sale price of qualifying farm equipment, including rubber-tired farm tractors, cane harvesters, combines, cane loaders, and poly-roll tubing for commercial farm irrigation. The purpose of this exemption is to provide financial support to agricultural producers and reduce the cost of essential farm equipment. Prior to January 1, 2025, the exemption was limited to the first \$50,000 of the sale price.

Legal Citation

R.S. 47:305.3(B)(3)(a), as of January 1, 2025; previously R.S. 47:305.25

Origin

Act 1978, No. 638, amended by Acts 1979, No. 787; Acts 1982, No. 167; Acts 1985, No. 836; Acts 2017, No. 424; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after September 1978

Beneficiaries

Producers of agricultural products

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$6,156,000	\$6,279,000

Sales Tax

{ Exemptions and Exclusions }

69. Sales of Polyroll Tubing

This provision exempts polyroll tubing sold to a commercial farmer or used for commercial farm irrigation from sales and use tax. The purpose of this exemption is to provide financial assistance to agricultural producers.

Legal Citation

R.S. 47:305.3(B)(4)(f), as of January 1, 2025; previously R.S. 47:305.25(A)(6) and 305.63

Origin

Acts 2017, No. 378; amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Tax periods beginning on or after July 2009

Beneficiaries

Commercial farmers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$109,000	\$111,000

70. Sales of Farm Products Direct from the Farm

This exemption allows the tax-free sale of livestock, poultry, and other farm products when sold directly by the producer. It applies to sales made by farmers, livestock producers, nurserymen, and other producers of farm products. The purpose of this exemption is to relieve producers of the burden of charging and remitting sales tax.

Legal Citations

R.S. 47:305.3(B)(5)(a), as of January 1, 2025; previously R.S. 47:305(A)(1)

Origin

Acts 1948, No. 9, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after June 1948

Beneficiaries

Producers of farm products

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$8,734,000	\$8,908,000

Sales Tax

{ Exemptions and Exclusions }

71. Livestock Sold at Market and Racehorses Claimed at Races in Louisiana

This exemption allows for the tax-free purchase of livestock sold at public sales sponsored by breeders' or registry associations or livestock auction markets. It also applies to racehorses entered in races and claimed (sold) at any meet held in Louisiana. The purpose of this exemption is to provide financial assistance to breeders' associations, registry associations, racetracks, and public livestock sales.

Legal Citations

R.S. 47:305.3(B)(5)(b), as of January 1, 2025; previously R.S. 47:305(A)(2)

Origin

Acts 1979, No. 796, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after September 1979

Beneficiaries

Racetracks and breeding and registry associations

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$1,774,000	\$1,810,000

72. Feed and Feed Additives for Animals Held for Business Purposes

This exemption allows tax-free sales of feed and feed additives used to sustain animals primarily for business purposes. It does not apply to food for pets or hunting dogs. The purpose of this exemption is to provide financial relief to businesses that raise or maintain animals for commercial purposes.

Legal Citations

R.S. 47:305.3(A) and (B)(5)(c), as of January 1, 2025; previously R.S. 47:305(A)(4)(a)

Origin

Acts 1986, No. 677, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after September 1, 1986

Beneficiaries

Individuals or companies that raise or maintain animals for business purposes.

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$1,248,000	\$1,273,000

Sales Tax

{ Exemptions and Exclusions }

73. Materials Used in the Production or Harvesting of Crawfish

Purchases of materials, supplies, equipment, feed, and related items, excluding vessels, to be used in the production or harvesting of crawfish are exempt from tax. This exemption is not limited to commercial farmers. The purpose of this exemption is to provide financial assistance to crawfish farmers.

Legal Citation

R.S. 47:305.3(A) and (B)(5)(d), as of January 1, 2025; previously R.S. 47:305(A)(5)(a)

Origin

Acts 1987, No. 364, amended by Acts 2009, No. 455; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after September 1, 1987

Beneficiaries

Producers and harvesters of crawfish

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$318,000	\$325,000

74. Bait and Feed Used in the Production or Harvesting of Crawfish

This exemption allows tax-free sales of bait and feed when used in the production or harvesting of crawfish. It is not limited to commercial farmers. The purpose of this exemption is to provide financial assistance to crawfish farmers.

Legal Citation

R.S. 47:305.3(A) and (B)(5)(d), as of January 1, 2025; previously R.S. 47:305(A)(5)(b)

Origin

Acts 1987, No. 364, amended by Acts 2009, No. 455; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after September 1, 1987

Beneficiaries

Producers and harvesters of crawfish

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$813,000	\$829,000

Sales Tax

{ Exemptions and Exclusions }

75. Materials Used in the Production or Harvesting of Catfish

Purchases of materials, supplies, equipment, feed, bait, and related items, excluding vessels, to be used in the production or harvesting of catfish are exempt. It is not limited to commercial farmers. The purpose of this exemption is to provide financial assistance to catfish farmers.

Legal Citation

R.S. 47:305.3(A) and (B)(5)(e), as of January 1, 2025; previously R.S. 47:305(A)(6)

Origin

Acts 1988, No. 948, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after September 1, 1988

Beneficiaries

Producers and harvesters of catfish

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$52,000	\$53,000

76. Farm Products Produced and Used by the Farmer

This exemption allows farmers and their families to consume products grown primarily for sale without paying use tax. It applies to livestock, poultry, and agricultural products. The purpose of this exemption is to provide financial assistance to farmers.

Legal Citation

R.S. 47:305.3(A), (B)(2) and (5)(f), as of January 1, 2025; previously R.S. 47:305(B)

Origin

Acts 1948, No. 9, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after June 1948

Beneficiaries

Farmers and their families

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$15,762,000	\$16,077,000

Sales Tax

{ Exemptions and Exclusions }

77. Sales of Utilities to Commercial Farmers for On-Farm Storage

This exemption allows a commercial farmer to purchase utilities such as water, electricity and steam, free of state sales tax, when used for on-farm storage. The storage must be separately metered and contain raw agricultural commodities for the production of crops or animals prior to the first point of sale. The purpose of this exemption is to provide financial relief to farmers by reducing the cost of storing raw agricultural products.

Legal Citation

R.S. 47:305.3(A), (B)(2) and (5)(g), as of January 1, 2025; previously R.S. 47:305.4

Origin

Acts 2021, No. 53, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after June 2021

Beneficiaries

Commercial Farmers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$28,000	\$28,000

78. Sales of Pesticides for Agricultural Purposes

This exemption allows the tax-free sale of pesticides for agricultural purposes. This exemption covers any preparation-insecticide, herbicide, fungicide- used in the control of insects, plant life, fungus, or any pest detrimental to agricultural crops, including the control of animal pests or diseases. The purpose of this exemption is to provide financial assistance to producers of agricultural products.

Legal Citation

R.S. 47:305.3(A), (B)(2) and (5)(h), as of January 1, 2025; previously R.S. 47:305.8

Origin

Acts 1964, No. 79, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1964

Beneficiaries

Producers of agricultural products

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$1,011,000	\$1,032,000

Sales Tax

{ Exemptions and Exclusions }

79. Certain Purchases by Student Farmers

This exemption allows student farmers to purchase feed and feed additives for the purpose of sustaining livestock, along with seeds or plants to produce food used for human or livestock consumption. Student farmers may also purchase fertilizer to be used to produce food for consumption by humans or livestock without payment of the sales tax. A student farmer is an individual under age 23 who is enrolled in a Future Farmers of America chapter or program established by the National Future Farmers of America organization, or a 4-H Club or program established by 4-H, or any student agriculture program similar to the previously listed organizations and under the direction of an agricultural educator, advisor, or club leader. The purpose of this exemption is to encourage student farming and agricultural education.

Legal Citation

R.S. 47:305.3(A), (B)(2) and (5)(i), as of January 1, 2025; previously R.S. 47:305.24

Origin

Acts 2019, No.199, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after January 1, 2020

Beneficiaries

Student farmers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use tax for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

80. Sales of Fertilizers and Containers to Farmers

The sale of fertilizers and containers for farm products to commercial farmers are exempt from sales and use taxes. These items are treated as sales for resale. The purpose of this exemption is to clarify that fertilizers and containers used in agricultural production are not subject to taxation as raw materials.

Legal Citation

R.S. 47:305.3(A), (B)(2)(a) and (5)(j), as of January 1, 2025; previously R.S. 47:305(D)(1)(f)

Origin

Acts 1948, No. 9, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after June 1948

Beneficiaries

Commercial farmers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

See number 65 in this Section.

Sales Tax

{ Exemptions and Exclusions }

81. Natural Gas Used in the Production of Iron

Purchases of natural gas used in the manufacture of iron through the direct reduced iron process are exempt from state and local sales and use taxes, as the gas is considered a material for further processing. The purpose of this exemption is to encourage companies and industries to establish operations in Louisiana.

This exemption was partially or fully suspended from April 1, 2016, through December 31, 2024.

Legal Citation

R.S. 47:305.4(B), as of January 1, 2025; previously R.S. 47:301(10)(c)(i)(bb)

Origin

Acts 1995, No. 284, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 1995

Beneficiaries

Iron manufacturers using the “direct reduced iron process”

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The department is unable to estimate the revenue loss for FYE 6-26 and FYE 6-27.

82. Purchases of Manufacturing Machinery and Equipment

Eligible manufacturers may purchase manufacturing machinery and equipment free of state sales, use, lease, or rental taxes. A “manufacturer” is defined as a business whose primary activity is manufacturing, classified under NAICS Sector 11 (agriculture, forestry, fishing, and hunting) or Sectors 31–33 (manufacturing). Machinery and equipment used in industrial plants to generate electricity for internal use or cogeneration also qualify. To be eligible, the machinery and equipment must be used mainly and directly in the manufacturing process at a plant facility. Certain recyclable material merchant wholesalers are also included under this exemption.

The purpose of this exemption is to reduce the cost of capital equipment and support the growth and competitiveness of Louisiana’s manufacturing sector.

Legal Citation

R.S. 47:305.5, as of January 1, 2025; previously R.S. 47:301(3)(i), (13)(k) and (28)(a)

Origin

Acts 2004, 1st Ex. Sess., No. 1, amended by Acts 2005, No. 471; Acts 2007, No. 429; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 2004

Beneficiaries

Manufacturers that have a NAICS Sector code of 31-33 or Sector 11 and certain recyclable material merchant wholesalers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$92,838,000	\$94,695,000

Sales Tax

{ Exemptions and Exclusions }

83. Purchases of Machinery and Equipment by Certain Utilities

Electric power generation companies certified under NAICS Sector 22111 may purchase machinery and equipment used in the generation of electricity free of state and local sales and use taxes. This exemption does not extend to transmission or distribution of electricity. The purpose of this exemption is to reduce capital costs and support the efficient generation and delivery of electricity in Louisiana.

Legal Citation

R.S. 47:305.5(B)(2), as of January 1, 2025; previously R.S. 47:301(16)(o)(i) and (ii)

Origin

Acts 2007, No. 427, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 2008

Beneficiaries

Certain utilities assigned NAICS Sector 22111

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

See number 82 in this Section.

84. Electricity for Chlor-Alkali Manufacturing Process

Chlor-alkali manufacturers are permitted to buy electricity tax-free when it is used in the chlor-alkali process. Manufacturers must report their electricity usage to the utility company. The purpose is to exempt these manufacturers from paying the sales tax on electricity.

Legal Citation

R.S. 305.5(B)(3), as of January 1, 2025; previously R.S. 47:301(10)(c)(ii)(aa)

Origin

Acts 1987, No. 199, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 1987

Beneficiaries

Chlor-alkali manufacturers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from the state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$17,314,000	\$17,660,000

Sales Tax

{ Exemptions and Exclusions }

85. Purchases of Consumables by Paper and Wood Manufacturers and Loggers

This provision exempts tangible personal property and digital products purchased by paper and wood manufacturers that are consumed in the manufacturing process such as fuses, belts, wires, conveyor belts, lubricants, and motor oils, as well as repairs and maintenance of manufacturing machinery and equipment. The exemption is only available to manufacturers with a North American Industry Classification Code (2007) industry group designation of 3211 through 3222 or 11310. Prior to January 1, 2025, this provision only applied to tangible personal property.

Legal Citation

R.S. 47:305.5(C), as of January 1, 2025; previously R.S. 47:301(3)(k)

Origin

Acts 2009, No. 466

Effective Date

Taxable periods beginning on or after August 15, 2009

Beneficiaries

Paper and wood manufacturers and loggers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$11,560,000	\$11,792,000

86. Sales of Admission Tickets by Little Theater Organizations

This exemption allowed Little Theater organizations to sell tickets free of state and local sales taxes. The purpose of this exemption was to provide financial support to qualifying nonprofit theater organizations.

Legal Citation

R.S. 47:305.6

Origin

Acts 1962, No. 226

Effective Date

Taxable periods beginning on or after August 1, 1962

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Little Theater organizations

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

Sales Tax

{ Exemptions and Exclusions }

87. Certain Educational Materials and Equipment Used for Classroom Instruction

Approved parochial and private K–12 schools that comply with the Dodd Brumfield court order and hold 501(c)(3) status may purchase, lease, or rent classroom materials and equipment—such as books, computers, software, films, videos, and audio tapes—without paying state or local sales taxes, provided the items are used solely for classroom instruction. Sales of tangible property by the school are also exempt from taxation if the proceeds are used exclusively to support the school. This exemption does not apply to transactions conducted by students, families, or outside sellers using the school’s name or facilities. The purpose of this exemption is to provide financial relief for classroom resources and to support school fundraising efforts.

Legal Citation

R.S. 47:305.6(1) and (2), as of January 1, 2025; previously R.S. 47:301(7)(f), (10)(q), and (18)(e)

Origin

Acts 1996, No. 15, amended by Acts 1998, No. 47; Acts 2000, No 33; Acts 2003, No 141; Acts 2005, No. 357; Acts 2009, No. 206; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 1997

Beneficiaries

Qualifying parochial and private elementary and secondary schools

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$967,000	\$986,000

88. Purchases of Food Items for School Lunch or Breakfast Programs by Nonpublic Elementary or Secondary Schools

Nonpublic elementary and secondary schools, as well as nonprofit organizations serving students, may purchase food for the National School Lunch and School Breakfast Programs free of sales and use taxes. The purpose of this exemption is to reduce the cost of providing nutritious meals to students and support the effective operation of federal school nutrition programs.

Legal Citation

R.S. 47:305.6(3), as of January 1, 2025; previously R.S. 47:301(10)(dd)

Origin

Acts 2007, No. 430, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after October 1, 2007

Beneficiaries

Nonpublic elementary or secondary schools that participate in the National School Lunch and School Breakfast Programs and nonprofit corporations that participate in the national program

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales taxes for FYE 6-26 and FYE 6-27.

See number 36 in this Section.

Sales Tax

{ Exemptions and Exclusions }

89. Donations to Certain Schools

Retailers are permitted to donate inventory to eligible colleges or universities tax-free. The purpose is to encourage donations to higher education institutions.

Legal Citation

R.S. 47:305.6(4), as of January 1, 2025; previously R.S. 47:301(18)(a)(i)

Origin

Acts 1987, No. 326, amended by Acts 1998, No. 22; Acts 2000, No. 44; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 1987

Beneficiaries

Retailers that donate to schools and the schools that receive the donations

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$756,000	\$771,000

90. Admissions Charges to Athletic or Entertainment Events of Elementary and Secondary Schools

Elementary and secondary schools are permitted to sell tickets for athletic or entertainment events tax-free. The purpose is to relieve these schools from collecting and remitting the tax. This exemption was suspended April 1, 2016, through June 30, 2016.

Legal Citation

R.S. 47:305.6(5), as of January 1, 2025; previously R.S. 47:301(14)(b)(i)(aa)

Origin

Acts 1948, No. 9, amended by Acts 1976, No. 481; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after June 1948

Beneficiaries

Elementary and secondary schools

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$295,000	\$301,000

Sales Tax

{ Exemptions and Exclusions }

91. Purchases by Regionally Accredited Independent Educational Institutions or by the Edward Via College of Osteopathic Medicine (updated July 1, 2025)

Qualifying educational institutions may purchase, lease, or rent tangible property and obtain services free of state and local sales and use taxes. This exemption does not apply to sales made by the institutions. Effective January 1, 2025, digital products are also exempt. The purpose of this exemption is to provide financial relief and reduce operational costs for educational institutions.

Legal Citation

R.S. 47:305.6(6), as of January 1, 2025; previously R.S. 47:301(8)(b)

Origin

Acts 1990, No. 1064, amended by Acts 2024, 3rd Ex. Sess., No. 11; Acts 2025, No. 384

Effective Date

Taxable periods beginning on or after July 1, 1990 - *Regionally Accredited Independent Educational Institutions*

Taxable periods beginning on or after July 1, 2025 - *Edward Via College of Osteopathic Medicine*

Beneficiaries

Independent educational institutions and the Edward Via College of Osteopathic Medicine

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$1,166,000	\$1,189,000

92. Purchases by State and Local Governments

Louisiana state and local government boards, agencies, and commissions may purchase, lease, or rent tangible property and obtain services free of state and local sales and use taxes. This is allowed because such entities are excluded from the definition of “person” under Louisiana law. Effective January 1, 2025, digital products are also exempt. The purpose of this exemption is to relieve government entities from tax obligations and reduce costs in the provision of public services.

Legal Citation

R.S. 47:305.7(A)(1)(a), as of January 1, 2025; previously R.S. 47:301(8)(c)

Origin

Acts 1991, No. 1029, amended by Acts 2007, No. 162; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after September 1991

Beneficiaries

All Louisiana state and local governmental authorities

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$610,202,000	\$622,407,000

Note: This amount includes the total revenue loss for purchases by state and local government and sales to the U.S. Government.

See number 92 in this Section.

Sales Tax

{ Exemptions and Exclusions }

93. Purchases Made by General Contractors/ Subcontractors for Work Performed Under Public Projects Construction Contracts

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. The purpose of this exemption is to prevent state and local government entities from incurring sales and use taxes on materials used in public construction projects.

Legal Citation

R.S. 47:305.7(A)(1)(b)

Origin

Acts 2025, No. 384

Effective Date

Taxable periods beginning on or after July 1, 2025

Beneficiaries

State and local government entities undertaking public construction projects

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$841,000	\$858,000

94. Purchases, Services, and Rentals by a Private Company Working for Local Authority on Construction or Operation of Sewerage or Wastewater Treatment Facilities

Private companies contracted to construct or operate sewer or wastewater treatment facilities on behalf of a local government are granted the same sales and use tax exclusions and exemptions as the contracting government. Under R.S. 47:305.7(A)(1), local governments are exempt from sales tax on purchases, digital products, services, and equipment rentals, and this exemption extends to qualifying contractors. The purpose of this exemption is to reduce contract costs and help local governments achieve savings on essential public infrastructure projects.

This exemption was partially or fully suspended from April 1, 2016, through December 31, 2024. The exemption was also added in the Title 47 sales tax provisions at R.S. 47:305.7(A)(2) effective January 1, 2025.

Legal Citation

R.S. 33:4169(D); R.S. 47:305.7(A)(2) effective January 1, 2025

Origin

Acts 1982, No. 795; Acts 2024 3rd Ex. Sess., No. 11; Acts 2025, No. 384

Related Exclusion

R.S.47:305.7(A)(1)

Effective Date

Taxable periods beginning on or after September 1982

Beneficiaries

Private companies and local governments

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$20,000	\$20,000

Sales Tax

{ Exemptions and Exclusions }

95. Sales of Tangible Personal Property by the Louisiana Military Department

Sales of tangible personal property by the Louisiana Military Department on its installations or property, including thrift shops, are exempt from state and local sales taxes. Effective January 1, 2025, the exemption also applies to purchases of digital products. The purpose of this exemption is to support the operations and mission of the Louisiana Military Department by reducing administrative and tax-related costs.

Legal Citations

R.S. 47:305.7(B)(1), as of January 1, 2025; previously R.S. 47:301(10)(ff)

Origin

Acts 2009, No. 443, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxation periods beginning on or after July 1, 2009

Beneficiaries

Taxpayers who purchase tangible personal property or digital products from the Louisiana Military Department

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$12,000	\$12,000

96. Sales by Thrift Shops on Military Installations

Sales made by thrift shops located on military installations to are exempt from state and local sales taxes. The purpose of this exemption is to reduce costs for military personnel and others who shop at on-base thrift stores, thereby providing financial support to the military community.

Legal Citation

R.S. 47:305.7(B)(1), as of January 1, 2025; previously R.S. 47:305.14(A)(4)

Origin

Acts 1994, No. 22, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after June 1994

Beneficiaries

Customers of thrift shops located on military installations

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

See number 95 in this Section.

Sales Tax

{ Exemptions and Exclusions }

97. Certain Transactions Involving the Construction or Overhaul of U.S. Navy Vessels

Rentals, leases, and services used in the construction or overhaul of United States Navy vessels are exempt from state and local sales taxes. The exemption applies to contractors performing work on these vessels. The purpose of this exemption is to maintain the competitiveness of Louisiana shipyards with those in other states.

Legal Citation

R.S. 47:305.7(B)(2) and (3), as of January 1, 2025; previously R.S. 47:301(7)(c) and (14)(h)

Origin

Acts 1989, No. 833, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after September 1989

Beneficiaries

Shipyards and providers of repair services to U.S. Navy vessels

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$5,383,000	\$5,491,000

98. Sales to the United States Government and Its Agencies

Sales made directly to the U.S. government or its agencies are exempt from taxation, as required by the U.S. Constitution. The exemption also applies when a private company acts as an agent and title to the property passes directly to the federal government. The purpose of this exemption is to ensure compliance with constitutional requirements.

Legal Citation

R.S. 47:305.7(B)(4), as of January 1, 2025; previously R.S. 47:301(10)(g)

Origin

Acts 1989, No. 833

Effective Date

Taxable periods beginning on or after September 1989

Beneficiaries

United States government and its agencies

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

See number 92 in this Section.

Sales Tax

{ Exemptions and Exclusions }

99. Purchases of Equipment by Bona Fide Volunteer and Public Fire Departments

Volunteer and public fire departments are permitted to purchase firefighting equipment free of state and local sales taxes. Public fire departments are already exempt from tax on all purchases under the governmental exclusion, and many departments classified as “volunteer” but operating as fire protection districts also qualify for the same exemption. The purpose of this exemption is to reduce equipment costs and support the essential public safety services provided by fire departments.

Legal Citation

R.S. 47:305.7(B)(5), as of January 1, 2025; previously R.S. 47:301(10)(o)

Origin

Acts 1992, No. 926, amended by Acts 1998, No. 37; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 1992

Beneficiaries

Bona fide volunteer and public fire departments

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$1,966,000	\$2,005,000

100. Tickets to Musical Performances by Nonprofit Musical Organizations

Louisiana-domiciled symphony organizations can sell tickets for musical performances free of state and local sales taxes. It does not apply to out-of-state symphony organizations or performances intended to generate a profit for the promoter. The purpose of this exemption is to provide financial support to Louisiana nonprofit symphony organizations.

Legal Citation

R.S. 47:305.7

Origin

Acts 1963, No. 124

Effective Date

Taxable periods beginning on or after July 1, 1963

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Louisiana nonprofit symphony organizations

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

Sales Tax

{ Exemptions and Exclusions }

101. Rentals of Motion Picture Film to Commercial Theaters

Commercial theaters rent motion picture films free from sales tax. However, most theaters now obtain films through joint ventures, which do not qualify for the exemption. The purpose of this exemption is to provide financial support to commercial theaters.

The exemption was suspended from April 1, 2016, through December 31, 2024.

Legal Citation

R.S. 47:305.9

Origin

Acts 1964, No. 27

Effective Date

Taxable periods beginning on or after July 1964

Beneficiaries

Commercial theaters

Estimated Fiscal Effect

Effective January 1, 2025, pertinent transactions are entirely exempt from the state sales and use tax.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

102. Additional Tax Levy on Contracts Entered Into Prior to and Within 90 Days of Tax Levy

This exemption allows lump-sum, unit price, fixed-fee, and guaranteed maximum price contracts entered into within 90 days before a new tax levy to be exempt from that levy. It also applies to contracts entered into within 90 days after a new tax levy if they involve obligations undertaken prior to the levy's effective date. The purpose of this exemption is to provide financial protection to contractors entering into agreements based on existing tax conditions.

The exemption was partially or fully suspended from April 1, 2016, through December 31, 2024.

Legal Citation

R.S. 47:305.11

Origin

Acts 1970, No. 7, amended by Acts 2017, No. 209

Effective Date

Taxable periods beginning on or after July 1970

Beneficiaries

Lump-sum, unit price, fixed fee, and guaranteed maximum price contractors

Estimated Fiscal Effect

Pertinent transactions related to contracts approved for the exemption from new and additional sales taxes levied as a result of Act 11 of the 2024 Third Extraordinary Session in the amount of .55% of 5% state sales tax and the 5% state sales tax on transportation charges previously excluded from the definition of sales price for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$893,000	\$911,000

Sales Tax

{ Exemptions and Exclusions }

103. Purchases of Software and Digital Products for a Business, Banking, or Healthcare Use

Certain software, digital products, prewritten computer software, software access services, and information services (collectively digital tools) are exempt from state and local sales and use taxes when used for specific business, financial, or healthcare purposes. This includes commercially licensed digital tools used directly in producing taxable goods or services that are sold, digital tools created for a business's internal use, digital tools used by FDIC-insured financial institutions and their affiliates for processing or managing customer and account information, and digital tools used by licensed healthcare providers for storing, transmitting, or using healthcare information in diagnosis or treatment.

Legal Citation

R.S. 47:305.12

Origin

Acts 2024, 3rd Ex. Sess., No. 10; Acts 2025, No. 384

Effective Date

Taxable periods beginning on or after January 1, 2025

Beneficiaries

Commercial entities using digital tools for the production of goods and services, FDIC-insured institutions and licensed healthcare facilities and providers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$6,124,000	\$6,246,000

104. Admissions to Entertainment by Domestic Nonprofit Charitable, Educational, and Religious Organizations

Admissions to events sponsored by domestic nonprofit charitable, educational, and religious organizations are exempt from state and local sales taxes. All proceeds, except for necessary expenses, must be used for the purposes for which the event was organized. The purpose of this exemption is to provide financial support to qualifying nonprofit organizations.

Legal Citation

R.S. 47:305.13

Origin

Acts 1971, No. 125

Effective Date

Taxable periods beginning on or after June 1971

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Domestic nonprofit groups

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

Sales Tax

{ Exemptions and Exclusions }

105. Purchases of Certain Bibles, Songbooks, or Literature by Certain Religious Institutions for Instructional Classes

Churches and synagogues with 501(c)(3) status were previously exempt from being considered a “dealer” when purchasing Bibles, songbooks, or literature for religious instruction classes. However, this exclusion was ruled unconstitutional by the U.S. District Court for the Eastern District in March 2002 and is no longer recognized.

The exemption was suspended from April 1, 2016, through December 31, 2024. Although this exemption was reenacted effective January 1, 2025, it remains unenforceable based on the unconstitutional ruling by the U.S. District Court for the Eastern District in March 2002.

Legal Citation

R.S. 47:305.13, as of January 1, 2025; previously R.S. 47:301(8)(d)

Origin

Acts 1996, No. 28; amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 1996

Beneficiaries

Qualifying churches and synagogues

Estimated Fiscal Effect

Pertinent transactions are subject to the full 5% state sales tax rate; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

106. Sales of Tangible Personal Property at or Admissions to Events Sponsored by Certain Nonprofit Groups

Sales of tangible personal property, event admissions, and parking fees at events sponsored by nonprofit domestic, civic, educational, charitable, fraternal, or religious organizations are exempt from state and local sales taxes. All proceeds, except for necessary expenses, must be used for educational, charitable, religious, or historical restoration purposes. The purpose of this exemption is to provide financial support to qualifying nonprofit organizations.

The exemption was repealed effective January 1, 2025, and reenacted effective June 20, 2025, with retroactive application to January 1, 2025.

Legal Citation

R.S. 47:305.14(A)(1)

Origin

Acts 1973, No. 89, amended by Acts 1991, Nos. 533 and 930, repealed by Acts 2024, 3rd Ex. Sess., No. 11, reenacted by Acts 2025, No. 384

Effective Date

Taxable periods beginning on or after July 1973

Repealed and Reenacted

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11 and then reenacted effective June 20, 2025, with retroactive application back to January 1, 2025.

Beneficiaries

Qualifying nonprofit organizations

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$2,752,000	\$2,807,000

Sales Tax

{ Exemptions and Exclusions }

107. Sales or Purchases by Blind Persons Operating Small Businesses

Sales or purchases of tangible personal property in the operation of a small business by individuals who are blind are exempt from state and local sales taxes. Effective January 1, 2025, the exemption also applies to digital products. The purpose of this exemption is to reduce the administrative and financial burden of collecting and remitting sales taxes for blind business owners.

Legal Citations

R.S. 47:305.15(A)

Origin

Acts 1973, No. 61

Effective Date

Taxable periods beginning on or after July 1973

Beneficiaries

Blind persons operating a business

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

See number 108 in this Section.

108. Purchases by Certain Organizations that Promote Training for the Blind

Organizations that provide training for the blind—and receive at least 75% of their funding from public sources are allowed to purchase goods and services free of state and local sales taxes. The purpose of this exemption is to reduce operating costs and provide financial support to organizations dedicated to assisting individuals who are blind.

Legal Citation

R.S. 47:305.15(B)

Origin

Acts 1994, No. 26

Effective Date

Taxable periods beginning on or after August 1994

Beneficiaries

Qualifying organizations for the blind

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$17,000	\$17,000

Sales Tax

{ Exemptions and Exclusions }

109. Cable Television Installation and Repair Services

Charges for the installation and repair of cable television hardware are exempt from state and local sales taxes. While largely unnecessary—since cable installation is already a nontaxable service and repairs on immovable equipment are not taxable—the exemption clarifies that these services are not subject to sales tax. The purpose of this exemption is to ensure certainty for providers and customers regarding the tax treatment of cable installation and repair services.

This exemption was partially or fully suspended with respect to cable television repairs from April 1, 2016, through December 31, 2024.

Legal Citation

R.S. 47:305.16

Origin

Acts 1974, No. 593

Effective Date

Taxable periods beginning on or after July 31, 1974

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Television cable companies and their subscribers, if these charges were subject to tax

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

110. Purchases by Nonprofit Entities that Sell Donated Goods

Nonprofit organizations are exempt from state and local sales and use taxes on purchases if they sell donated goods and use at least 75% of their revenue to employ or train individuals with disabilities or other workplace disadvantages. Eligible nonprofits must apply annually for a one-year exclusion certificate. The purpose of this exemption is to support employment and workforce development opportunities for individuals facing barriers to employment while promoting the charitable mission of participating organizations.

Legal Citation

R.S. 47:305.16, as of January 1, 2025; previously R.S. 47:301(8)(f)

Origin

Acts 2005, No. 393, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 2005

Beneficiaries

Qualifying nonprofit entities

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$5,396,000	\$5,504,000

Sales Tax

{ Exemptions and Exclusions }

111. Receipts from Coin-Operated Washing and Drying Machines in Commercial Laundromats

Receipts from coin-operated washing and drying machines are exempt from state and local sales taxes when the machines are located in a commercial laundromat. The purpose of this exemption is to provide financial relief to laundromats that could not pass sales tax rate increases on to their customers. In 1996, the courts ruled that revenue from coin-operated machines does not constitute a taxable cleaning service.

Legal Citation

R.S. 47:305.17

Origin

Acts 1975, No. 423

Effective Date

Taxable periods beginning on or after September 1975

Beneficiaries

Commercial coin-operated laundromats

Estimated Fiscal Effect

Courts have ruled that these receipts are not taxable. Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$921,000	\$940,000

112. Outside Gate Admissions and Parking Fees at Fairs, Festivals, and Expositions Sponsored by Nonprofit Organizations

Gate admissions and parking fees at fairs, festivals, and expositions sponsored by Louisiana-chartered nonprofit organizations are exempt from state and local sales taxes. The exemption does not apply to events intended to generate a profit for the promoter or any contracted service or equipment provider. The purpose of this exemption is to reduce operating costs and provide financial support to qualifying nonprofit organizations.

Legal Citation

R.S. 47:305.18

Origin

Acts 1975, No. 824

Effective Date

Taxable periods beginning on or after September 1975

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No.11

Beneficiaries

Nonprofit organization

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

Sales Tax

{ Exemptions and Exclusions }

113. Lease or Rental of Certain Vessels in Mineral Production

Vessels leased or rented for offshore use beyond Louisiana's territorial waters for the production of oil, gas, sulfur, and other minerals are exempt from state and local sales taxes. The exemption applies to both production companies and their service providers. The purpose of this exemption is to reduce operating costs and support the growth and competitiveness of Louisiana's mineral production industry.

Legal Citation

R.S. 47:305.19

Origin

Acts 1975, No. 818

Effective Date

Taxable periods beginning on or after September 1975

Beneficiaries

Production companies and the company providing services to them

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$2,476,000	\$2,525,000

114. Purchases of Supplies, Fuels, and Repair Services for Boats Used by Commercial Fishermen

Commercial fishermen are allowed to purchase, free of state and local sales and use tax, materials, supplies, repair services, and fuel used in the maintenance or operation of fishing vessels. Eligible fishermen must apply for and obtain a license from the Department of Revenue. The purpose of this exemption is to reduce operating costs, support the commercial fishing industry, and promote the continued viability of Louisiana's seafood economy.

Legal Citation

R.S. 47:305.20(A)

Origin

Acts 1975, No. 811; Acts 2009, No. 446

Effective Date

Taxable periods beginning on or after September 1975

Beneficiaries

Licensed commercial fishermen

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$551,000	\$562,000

Sales Tax

{ Exemptions and Exclusions }

115. Sickle Cell Disease Organizations

This exemption provides a state and local sales tax exemption for nonprofit organizations established prior to 1975 that conduct comprehensive sickle cell disease programs. Eligible programs include, but are not limited to, free education, testing, counseling, prescription assistance, transportation, and food packages for sickle cell patients. Qualifying organizations are required to obtain exemption certificates from the Department of Revenue.

This exemption was partially or fully suspended from July 1, 2015, through December 31, 2024.

It was repealed effective January 1, 2025, and subsequently reenacted effective June 20, 2025, with retroactive application to January 1, 2025.

Legal Citation

R.S. 47:305.21, as of January 1, 2025; previously R.S. 47:305.33

Origin

Acts 2005, No. 278, repealed by Acts 2024, 3rd Ex. Sess., No. 11, reenacted by Acts 2025, No. 384

Effective Date

Tax periods beginning on or after July 1, 2005

Repealed and Reenacted

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess. No. 11 and then reenacted effective June 20, 2025, with retroactive application back to January 1, 2025.

Beneficiaries

Sickle cell disease organizations and their customers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

116. Sales of Construction Materials to Habitat for Humanity Affiliates (effective January 1, 2025)

Construction materials sold to Habitat for Humanity affiliates are not subject to sales or use tax if the materials are used to build new homes in this state.

Legal Citation

R.S. 47:305.22

Origin

Acts 2025, No. 384

Effective Date

Taxable periods beginning on or after January 1, 2025

Beneficiaries

Affiliates of Habitat for Humanity

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

Sales Tax

{ Exemptions and Exclusions }

117. \$20,000 State and Local Sales and Use Tax Cap on Boats Registered in Louisiana (state loss only)

For boats registered in Louisiana, the combined state and local sales and use tax is capped at \$20,000 on purchases made on or after July 1, 2025. To qualify for the cap, the boat must be registered in Louisiana within ninety (90) days of the purchase in or importation into Louisiana. The purpose of this exemption is to limit the sales and use tax burden on boat purchases registered in Louisiana and promote boat ownership and registration within the state.

Legal Citation

R.S. 47:305.23

Origin

Acts 2025, No. 384

Effective Date

Taxable periods beginning on or after July 1, 2025

Beneficiaries

Purchasers of boats

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from any portion of state and local sales tax that exceeds the \$20,000 cap for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$24,000	\$24,000

118. Purchases by Certain Child Advocacy Centers

The Louisiana Alliance of Children's Advocacy Centers and qualifying nonprofit child advocacy centers are exempt from paying sales and use tax on certain purchases. Eligible organizations must operate in compliance with the Louisiana Children's Code, be governed by a child advocacy board of directors, and satisfy all applicable statutory requirements. Qualifying organizations are required to apply annually for a one-year exemption certificate. The purpose of this exemption is to reduce the tax burden on qualifying nonprofit child advocacy organizations so more resources can be directed to serving children.

Legal Citation

R.S. 47:305.24

Origin

Acts 2025, No. 494

Effective Date

Tax periods beginning on or after July 1, 2025

Beneficiaries

Child advocacy organizations

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

Sales Tax

{ Exemptions and Exclusions }

119. Sale of Certain Antique Motor Vehicles

This exemption allows the purchase of qualifying antique motor vehicles without payment of state or local sales and use taxes. To qualify, an antique motor vehicle must have been manufactured at least 30 years ago, not be used for commercial purposes, and have a value exceeding \$10,000. Qualifying vehicles are subject to a \$1,000 fee for issuance of an antique license plate, as provided in R.S. 47:463.8(B). The purpose of this exemption is to provide financial assistance to individuals purchasing antique motor vehicles.

This exemption was repealed effective January 1, 2025, and subsequently reenacted effective June 20, 2025, with retroactive application to January 1, 2025.

Prior to January 1, 2025, to qualify for the exemption, the motor vehicle had to be manufactured at least 25 years prior to the purchase.

Legal Citation

R.S. 47:305.25, as of January 1, 2025; previously R.S. 47:6040, R.S. 47:463.8(B)

Origin

Acts 2019, No. 364, repealed by Acts 2024, 3rd Ex. Sess., No. 11; reenacted by Acts 2025, No. 506

Effective Date

Taxable periods beginning on or after July 1, 2019

Repealed and Reenacted

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11 and then reenacted effective June 20, 2025, with retroactive application back to January 1, 2025.

Beneficiaries

Collectors of antique motor vehicles

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from the state sales and use tax for FYE 6-26 and FYE 6-27.

The Department is unable to estimate the fiscal effect for FYE 6-26 and FYE 6-27, as no data on these transactions could be provided by the Office of Motor Vehicles.

120. Qualifying Events Providing Louisiana Heritage, Culture, Crafts, Art, Food, and Music Sponsored by a Domestic Nonprofit Organization

Sales of tangible personal property, event admissions, and parking fees at nonprofit-sponsored events that celebrate Louisiana heritage, culture, crafts, art, food, and music are exempt from taxation. To qualify, events must run for 7 to 12 days and have an average attendance of at least 300,000 over the preceding five (5) years. Effective January 1, 2025, sales of digital products are also exempt. This exemption is intended to provide financial support to eligible nonprofit organizations.

The exemption was partially or fully suspended from April 1, 2016, through June 30, 2018.

Legal Citation

R.S. 47:305.33, as of January 1, 2025; previously R.S. 47:301(10)(hh) and (14)(k) and 305.14(A)(1)(b)

Origin

Acts 2011, No. 372, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after October 1, 2011

Beneficiaries

New Orleans Jazz and Heritage Festival

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

Sales Tax

{ Exemptions and Exclusions }

121. Sales or Purchases by Certain Sheltered Workshops or Supported Employment Providers

Certain sheltered workshops for individuals with intellectual disabilities, as well as supported employment providers are allowed to make sales and purchases tax-free. Sheltered workshops must function as day developmental training centers and be licensed by the Department of Children and Family Services. A supported employment provider is a nonprofit organization that provides gainful, competitive, integrated employment, training, and rehabilitation services for individuals with disabilities in compliance with a central nonprofit agency for disabled individuals. The purpose of this exemption is to support organizations that provide training, employment, and rehabilitation services for individuals with disabilities by relieving them of sales tax burdens.

For Fiscal Years 2019–2020 and 2020–2021, any sheltered workshop transitioning to a model providing gainful, competitive, integrated employment, training, and rehabilitation services for individuals with disabilities is considered a supported employment provider.

Legal Citation

R.S. 47:305.38; R.S. 39:1604.4

Origin

Acts 1982, No. 242, Amended by Acts 2019, No. 312

Effective Date

Taxable periods beginning on or after September 1982

Beneficiaries

Qualifying sheltered workshops and supported employment providers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$57,000	\$58,000

122. Piggy-Back Trailers or Containers and Rolling Stock

This exemption allows the tax-free sale or lease of piggyback trailers, containers, and rail rolling stock. Per diem or car-hire charges are also exempt. Railroad companies and other operators of qualifying equipment are eligible for the exemption. Rail car leases are subject to the taxation methods prescribed in R.S. 47:301(4)(j). A similar exemption for rail rolling stock is provided under R.S. 47:305.50. The purpose of this exemption is to provide financial relief to railroads, other rail-car operators, and operators of piggyback trailers.

Legal Citation

R.S. 47:305.45

Origin

Acts 1986, No. 476

Effective Date

Taxable periods beginning on or after July 1, 1986

Beneficiaries

Railroad companies and other operators of railroad transportation equipment

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

See number 124 in this Section.

Sales Tax

{ Exemptions and Exclusions }

123. Certain Trucks and Trailers Used 80 Percent in Interstate Commerce

This exemption allows for the tax-free purchase of trucks with a gross weight of 26,000 pounds or more, and trailers, provided they are used at least 80% of the time in interstate commerce and operate under the jurisdiction of the United States Department of Transportation. For purposes of this exemption, the terms “trucks” and “trailers” include truck, trailer, road tractor, semi-trailer, tandem truck, tractor, and truck-tractor as defined in R.S. 47:451. The purpose of this exemption is to provide financial relief to owners of trucks operating in interstate commerce.

Legal Citation

R.S. 47:305.50(A)(1)

Origin

Acts 1996, No. 8, amended by Acts 1998, No. 41; Acts 2000, No. 27; Acts 2002, No. 2; Acts 2007, No. 209

Effective Date

Taxable periods beginning on or after July 1, 1996

Beneficiaries

Purchasers of large trucks and trailers used 80% in interstate commerce

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$31,899,000	\$32,537,000

124. Rail Rolling Stock Sold or Leased in Louisiana

Rail rolling stock sold or leased in Louisiana is exempt from state and local sales and use tax. A similar exemption is also provided under R.S. 47:305.45. The purpose of this exemption is to reduce the cost of acquiring or leasing rail rolling stock and support the rail industry in Louisiana.

Legal Citation

R.S. 47:305.50(C)(1), as of January 1, 2025; previously R.S. 47:305.50(E)(1)

Origin

Acts 1996, No. 36, amended by Acts 1998, No. 41; Acts 2005, No. 397; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 1996

Sunset Date

June 30, 1998

Reestablished

July 1, 2005

Beneficiaries

Taxpayers who sell or lease rail rolling stock in Louisiana and their customers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

Sales Tax

{ Exemptions and Exclusions }

125. Rail Rolling Stock Repaired or Fabricated in Louisiana

This provision provides a state sales and use tax exemption for parts or services used in the fabrication, modification, or repair of rail rolling stock. Political subdivisions may, by ordinance, extend the exemption to sales and use taxes they impose on such parts or services. The purpose of this exemption is to reduce the cost of fabricating, modifying, or repairing rail rolling stock and support the rail industry.

Legal Citation

R.S. 47:305.50(C)(2), as of January 1, 2025; previously R.S. 47:305.50(E)(2)

Origin

Acts 1996, No. 36, amended by Acts 1998, No. 41; Acts 2005, No. 397; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 1996

Sunset Date

June 30, 1998

Reestablished

July 1, 2005

Beneficiaries

Taxpayers who sell or lease rail rolling stock in Louisiana and their customers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$2,512,000	\$2,562,000

126. Sales of Railroad Ties to Railroads for Use in Other States

This provision establishes a sales tax exemption for railroad ties purchased by a railroad before undergoing long-term preservative treatment, provided the ties are installed in the railroad's track system outside the state's jurisdiction. The purpose of this exemption is to reduce the cost of materials for railroads installing track infrastructure outside Louisiana.

Legal Citation

R.S. 47:305.50(D), as of January 1, 2025; previously R.S. 47:305.50(F)

Origin

Acts 2009, No. 442, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 2009

Beneficiaries

Railroads

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

Sales Tax

{ Exemptions and Exclusions }

127. Utilities Used by Steelworks and Blast Furnaces

Utilities, including electricity, used by steelworks and blast furnaces are exempt from sales tax. To qualify, the facility must employ more than 125 full-time workers and be classified under NAICS code 331111. The purpose of this exemption is to provide an economic incentive for steel mills to locate in Louisiana.

The exemption was partially or fully suspended from July 1, 2015, through December 31, 2024.

Legal Citation

R.S. 47:305.51

Origin

Acts 1998, No. 28, amended by Acts 2001, 1st Ex. Sess., No. 5; Acts 2002, No. 49; Acts 2004, 1st Ex. Sess., No. 5; Acts 2009, No. 443

Effective Date

Taxable periods beginning on or after March 2001

Beneficiaries

Any steel mill meeting the minimum requirements

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use tax for FYE 6-26 and FYE 6-27.

See number 30 in this Section.

128. Sales of Construction Materials to Habitat for Humanity, Fuller Center for Housing, and Make it Right Foundation

Habitat for Humanity affiliates, Fuller Center for Housing covenant partners and the Make it Right Foundation were allowed to purchase construction supplies without the payment of sales or use tax when the materials are intended for use in constructing new residential dwellings in this state.

This exemption was fully or partially suspended from April 1, 2016, through December 31, 2024. This exemption was repealed effective January 1, 2025, but see number 116 in this Section for reinstatement of the exemption for Habitat for Humanity affiliates.

Legal Citation

R.S. 47:305.59(A)

Origin

Acts 2007, No. 430, amended by Acts 2009, No. 464; Acts 2011, No. 385; Acts 2021, No. 299; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after October 1, 2007, for purchases by Habitat for Humanity; taxable periods beginning on or after July 1, 2009, for purchases by Fuller Center for Housing; and taxable periods beginning on or after July 1, 2012, for purchases by Make it Right Foundation.

Repealed and Reinstated

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Habitat for Humanity affiliates, Fuller Center for Housing and Make it Right Foundation

Estimated Fiscal Effect

The provisions for Fuller Center for Housing and Make it Right Foundation have been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

For Habitat for Humanity, see number 116 in this Section.

Sales Tax

{ Exemptions and Exclusions }

129. Sales of Construction Materials to Animal Shelters for the Construction of New Animal Shelters in Louisiana

Animal shelters in Louisiana are allowed to purchase construction materials exempt from sales tax when the materials are used to construct new shelters. Eligible construction must begin between July 1, 2021, and June 30, 2025.

The purpose of this exemption is to reduce construction costs and support the development of new animal shelters in Louisiana.

Legal Citation

R.S. 47: 305.59(B)

Origin

Acts 2021, No. 299

Effective Date

Taxable periods beginning on or after July 1, 2021

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Animal shelters constructing new animal shelters in Louisiana

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

130. Second Amendment Sales Tax Holiday

There is a three-day sales tax holiday on consumer purchases of firearms, ammunition, and hunting supplies, observed from the first consecutive Friday through Sunday of September. The exemption applies to both state and local sales taxes. The purpose of this exemption is to encourage hunting-related purchases and provide temporary tax relief to consumers on firearms, ammunition, and hunting supplies.

This sales tax holiday was suspended from July 1, 2018, through June 30, 2023.

Legal Citation

R.S. 47:305.62

Origin

Acts 2009, No. 453, amended by Acts 2023, No. 288

Effective Date

Taxable periods beginning on or after July 2009

Beneficiaries

Individuals purchasing firearms, ammunition and hunting supplies

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$860,000	\$877,000

Sales Tax

{ Exemptions and Exclusions }

131. Purchase, Lease, or Repair of Certain Capital Equipment, and Computer Software by Qualifying Radiation Therapy Treatment Centers

The purchase, lease, or repair of capital equipment and software used to operate such equipment at qualifying radiation therapy centers are exempt from state and local sales tax. The purpose of this exemption is to reduce the cost of capital equipment and software for qualifying radiation therapy centers, supporting their ability to provide critical medical services.

The exemption was suspended from April 1, 2016, through July 1, 2017. It was repealed effective January 1, 2025, and subsequently reenacted effective June 20, 2025, with retroactive application to January 1, 2025.

Legal Citation

R.S. 47:305.64

Origin

Acts 2009, No. 450, amended by Acts 2011, No. 296; Acts 2017, No. 424, repealed by Acts 2024, 3rd Ex. Sess., No. 11, reenacted by Acts 2025, No. 384

Effective Date

Taxable periods beginning on or after July 1, 2009

Beneficiaries

Qualifying radiation therapy centers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

132. Parish Councils on Aging

The 64 nonprofit parish Councils on Aging located throughout the state that are supervised by the Office of Elderly Affairs within the Governor's Office are exempt from state sales and use tax. These organizations provide state-approved services directly to senior citizens. The purpose of this exemption is to support the delivery of essential services to senior citizens by reducing operating costs for parish Councils on Aging.

Legal Citation

R.S. 47:305.66

Origin

Acts 2011, No. 53

Effective Date

Taxable periods beginning on or after October 2011

Beneficiaries

Parish Councils on Aging

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss is \$57,000 for FYE 6-26; the estimated revenue loss for FYE 6-27 is negligible.

FYE 6-26	FYE 6-27
\$31,000	\$32,000

Sales Tax

{ Exemptions and Exclusions }

133. Purchases of Breastfeeding Items

The purchase of breast pumps and related accessories, including replacement parts, storage bags, and nursing bras are exempt from state sales and use tax. The purpose of this exemption is to reduce the cost of breastfeeding supplies and support maternal and infant health.

This exemption was partially or fully suspended from April 1, 2016, through December 31, 2024.

Legal Citation

R.S. 47:305.67

Origin

Acts 2011, No. 331

Effective Date

Taxable periods beginning on or after October 2011

Beneficiaries

Purchasers of breastfeeding items

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss for FYE 6-26 and FYE 6-27 is negligible.

134. Donation of Toys

Nonprofit organizations recognized under Section 501(c)(3) of the Internal Revenue Code are exempt from state and local sales tax on the purchase of toys when the toys are purchased solely for donation to children. To qualify, the organization must obtain an exemption certificate from the Department of Revenue or the applicable local tax collector. The purpose of this exemption is to support charitable organizations in providing toys to children by reducing the cost of donated goods.

Legal Citation

R.S. 47:305.70, as of January 1, 2025; previously R.S. 47:301(10)(aa)(i) and(18)(m)

Origin

Acts 2005, No. 293, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 2005

Beneficiaries

Nonprofit organizations that purchase toys to donate to children

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

The estimated revenue loss is \$57,000 for FYE 6-26; the estimated revenue loss for FYE 6-27 is negligible.

Sales Tax

{ Exemptions and Exclusions }

135. Hurricane Laura, Hurricane Delta, and COVID-19 Pandemic Sales Tax Holiday

There was a one-time state sales tax holiday on the first \$2,500 of the sales price of consumer purchases of tangible personal property made on Friday, November 20, 2020, and Saturday, November 21, 2020. The holiday was enacted to provide tax relief to citizens recovering from Hurricane Laura, Hurricane Delta, and the COVID-19 pandemic.

The exemption did not apply to motor vehicle purchases, meals consumed on or off the premises, rentals or leases of tangible personal property, or the taxable sales of services enumerated in former R.S. 47:301(14). Additionally, the sales tax holiday did not apply to local sales and use taxes or to business or commercial purchases of tangible personal property.

Legal Citation

R.S. 47:305.74

Origin

Acts 2020, 2nd Ex. Sess., No. 16

Effective Date

October 28, 2020

Repealed

Repealed effective January 1, 2025, by Acts 2025, 3rd Ex. Sess., No. 11

Beneficiaries

Consumer purchasers of tangible personal property on November 20, 2020, and November 21, 2020

Estimated Fiscal Effect

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

136. Purchases of Feminine Hygiene Products, Diapers, or Both for Individual Personal Use

Purchases of feminine hygiene products, as well as adult and child diapers, when purchased for individual use are exempt from state and local sales tax. The purpose of this exemption is to reduce the cost of essential personal hygiene products for individuals and families.

Legal Citation

R.S. 47:305.75

Origin

Acts 2021, No. 449, amended by Acts 2024, 3rd Ex. Sess., No. 11; Acts 2025, No. 384

Effective Date

Taxable periods beginning on or after July 1, 2022

Beneficiaries

Purchasers of feminine products and diapers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$1,235,000	\$1,260,000

Sales Tax

{ Alternate-Reporting Methods }

137. Helicopters Leased for Use in the Extraction, Production, or Exploration for Oil, Gas, or Other Minerals

There is an alternate-reporting method that allows the lease or rental of certain helicopters used in the extraction, production, or exploration of oil, gas, or other minerals to be treated as a sale of tangible personal property, with an extended period for remitting any taxes due.

Helicopters acquired through a lease, rental, lease-purchase, or similar arrangement by a qualifying company, or used by a company providing services to a qualifying company, are eligible for this method. Qualifying companies do not pay sales tax on lease or rental payments upfront; instead, they remit the tax on the sales price in equal installments over the term of the lease, rental, or lease-purchase contract.

The purpose of this method is to provide qualifying companies with an extended period to remit sales tax on helicopters used in oil, gas, and mineral operations.

Legal Citation

R.S. 47:302.1

Origin

Acts 1984, No. 353

Effective Date

Taxable periods beginning on or after July 1984

Beneficiaries

Companies involved in the extraction, production, or exploration for oil, gas, or other minerals

Estimated Fiscal Effect

This is an alternate reporting method, not an exemption, and will likely result in timing differences on taxes remitted.

The estimated fiscal effect of this provision is \$0.

138. Cash-Basis Sales Tax Reporting and Remitting for Health and Fitness Club Membership Contracts

Health clubs must report and remit sales taxes on a cash basis, reflecting receipts net of any imputed interest or collection fees. The purpose of this alternate-reporting method is to relieve clubs from paying taxes on unpaid membership contracts.

Legal Citation

R.S. 47:303(F)

Origin

Acts 1985, No. 661, amended by Acts 1987, No. 379

Effective Date

Taxable periods beginning on or after September 1985

Beneficiaries

Health and fitness clubs

Estimated Fiscal Effect

This is an alternate reporting method, not an exemption, and will likely result in timing differences on taxes remitted.

The estimated fiscal effect of this provision is \$0.

Sales Tax

{ Alternate Reporting Methods }

139. Cash-Basis Reporting Procedure for Rental and Lease Transactions

Lessors of tangible personal property may report and remit sales tax only after payment is collected, rather than in the period when the rental or lease occurred. The purpose of this alternate-reporting method is to relieve lessors from paying sales taxes on unpaid rental fees and to prevent the loss of taxes remitted on transactions that become bad debts.

Legal Citation

R.S. 47:306(A)(2)

Origin

Acts 1985, No. 867

Effective Date

Taxable periods beginning on or after July 1985

Beneficiaries

Lessors of property

Estimated Fiscal Effect

This is an alternate reporting method, not an exemption, and will likely result in timing differences on taxes remitted.

The estimated fiscal effect of this provision is \$0.

140. Collection from Interstate and Foreign Transportation Dealers

Transportation companies engaged in interstate or foreign transport of passengers or property are allowed to remit taxes based on the proportion of Louisiana miles to total miles traveled. Under R.S. 47:306.2(B)(2), "Louisiana mileage" does not include mileage within the state that is part of a route between a point in Louisiana and a point offshore beyond the territorial limits of any state. R.S. 47:306.2(B)(1) further allows the use of a transportation unit of measurement other than mileage if appropriate based on industry custom and the type of transportation.

Transportation dealers registered under R.S. 47:306.1 as of June 22, 2005, who provide transport between points in Louisiana and offshore points outside any state's territorial limits during the prior reporting period, are deemed to have elected to report under these statutes. They must begin reporting in accordance with these provisions instead of R.S. 47:306.1, unless they notify the secretary otherwise.

The purpose of this provision is to allow transportation companies to calculate and remit Louisiana sales and use taxes based on the proportion of in-state travel, simplifying compliance for interstate and offshore operations.

Legal Citation

R.S. 47:306.1, R.S. 47:306.2

Origin

Acts 1956, No. 438, amended by Acts 2005, No. 126

Effective Date

Taxable periods beginning on or after August 1956

Beneficiaries

Interstate and foreign transportation dealers

Estimated Fiscal Effect

This is an alternate reporting method, not an exemption, and will likely result in timing differences on taxes remitted.

The estimated fiscal effect of this provision is \$0.

Sales Tax

{ Statutorily Prescribed Methods of Taxation }

141. Extended Time to Register Mobile Homes

This provision allows purchasers of factory-built homes (mobile homes), as defined in R.S. 9:1149.2(4), an extended period to apply for a certificate of title from five days after delivery to the 20th day of the month following delivery, providing approximately 20 to 50 days to apply. If a factory-built home was immobilized prior to registration, it was not subject to sales tax. The purpose of this provision was to give purchasers additional time to immobilize their homes. However, effective January 1, 2010, legislation eliminated the ability to avoid sales tax through immobilization.

Legal Citation

R.S. 32:707(A)

Origin

Acts 1997, No. 272, amended by Acts 2009, No. 500

Effective Date

Taxable periods beginning on or after July 1997

Beneficiaries

Purchasers of factory-built homes that immobilize them at the time of purchase

Estimated Fiscal Effect

This statute was amended to eliminate the ability of factory-built home purchasers to avoid paying tax through an act of immobilization. This is a statutorily prescribed method of taxation, not an exemption, and will likely result in timing differences on taxes remitted.

The estimated fiscal effect of this provision is \$0.

142. “Sales or Cost Price” of Refinery Gas

These exclusions establish the valuation of refinery gas, excluding feedstock, whether sold or produced, for each calendar year. Sales of such gas are subject to tax under R.S. 47:301(13)(c), and its use by the producer is subject to tax under R.S. 47:301(3)(c). The price of refinery gas is calculated as the greater of 52¢ per MCF multiplied by a fraction, the numerator of which is the posted price for a barrel of West Texas Intermediate Crude Oil on December 1 of the preceding year, and the denominator of which is \$29. This valuation applies to both state and local taxes. The valuations for calendar years 2023, 2024, and 2025 are \$1.453, \$1.322, and \$1.225 per MCF, respectively.

Legal Citation

R.S. 47:301(3)(c) and (13)(c), as of January 1, 2025; previously R.S. 47:301(3)(f) and (13)(d)

Origin

Acts 1996, No. 29, amended by Acts 2004, No. 49; Acts 2005, No. 458; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1996

Beneficiaries

Refineries producing refinery gas

Estimated Fiscal Effect

This is a valuation formula only.

The estimated fiscal effect of this provision is \$0.

Sales Tax

{ Statutorily Prescribed Methods of Taxation }

143. Leases or Rentals of Railroad Rolling Stock and Leases or Rentals by Railway Companies and Railroad Corporations

This alternate reporting method relieves lessors of railroad rolling stock from the requirement to collect lease or rental tax from their lessees. Under this method, lessees or rentees—except for railway companies or railroad corporations—are still required to self-assess and remit the lease or rental tax directly to the state. The purpose of this method is to reduce the administrative burden on lessors of railroad rolling stock and to provide tax relief to railway companies and railroad corporations.

Legal Citation

R.S. 47:301(4)(j), as of January 1, 2025; previously R.S. 47:301(4)(k)

Origin

Acts 1990, No. 444, amended by Acts 2024, 3rd, Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after September 1990

Beneficiaries

Louisiana lessors of rail rolling stock and railway companies

Estimated Fiscal Effect

This is a statutorily prescribed method of taxation, not an exemption, and will likely result in timing differences on taxes remitted.

The estimated fiscal effect of this provision is \$0.

{ Credits }

144. Vendor's Compensation

This credit compensates dealers for the accounting and remittance of sales taxes. Each dealer may deduct 1.05% from the tax due, provided that reports are submitted and payment is made to the Department of Revenue on a timely basis. Sales tax imposed under R.S. 47:321.1 is not eligible for vendor compensation.

The effective vendor compensation rate is 0.84%, which reflects 4% of the total 5% state sales tax based on the 1.05% rate.

Effective January 1, 2025, the maximum allowable deduction was reduced from \$1,500 to \$750 per calendar month per taxpayer, for all business locations operating in Louisiana.

The purpose of this credit is to compensate dealers for the administrative effort involved in accounting for and remitting sales taxes.

Legal Citation

R.S. 47:306(A)(3)(a)

Origin

Acts 1948, No. 9, amended by Acts 1986, No. 916; Acts 1991, No. 709; Acts 1995, No. 1186; Acts 1996, 1st Ex. Sess., No. 32; Acts 1998, 1st Ex. Sess., No. 50; Acts 2001, No. 7; Acts 2013, No. 425; Acts 2016, 1st Ex. Sess., No. 15; Acts 2018, 3rd Ex. Sess., No. 1; Acts 2020, 1st Ex. Sess., No. 27; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after June 1948

Beneficiaries

Dealers who report and remit taxes on a timely basis

Estimated Fiscal Effect

The credit applies to 4 out of 5 cents in state sales tax for eligible transactions remitted on time.

FYE 6-26	FYE 6-27
\$40,408,000	\$41,216,000

Sales Tax

{ Refunds }

145. Sales Tax Remitted on Bad Debts from Credit Sales

This refund provision provides financial relief to vendors who remit sales taxes to the state but are subsequently unable to collect those taxes from their customers. The bad-debt recovery provision does not apply to rentals or leases. The purpose of this refund is to allow taxpayers to recover sales taxes that were remitted to the Department but not collected from their customers.

Legal Citation

R.S. 47:315

Origin

Acts 1976, No. 153, amended by Acts 1985, No. 516

Effective Date

Taxable periods beginning on or after July 1976

Beneficiaries

Vendors who remitted the tax on credit sales of tangible personal property and digital products that were uncollectible from their customers.

Estimated Fiscal Effect

During fiscal year 2024-2025, \$661,708 in sales tax refunds were issued for bad debts on credit sales.

The Department is unable to estimate the future fiscal effect of this refund since it fluctuates from year to year.

146. State Sales Tax Paid on Property Destroyed in a Natural Disaster

Prior to January 1, 2025, sales tax paid on destroyed property may be refunded upon submission of a proper claim, based on the taxes originally paid by the owner. This refund provision provided financial assistance to individuals who suffered uninsured losses due to natural disasters.

Legal Citation

R.S. 47:315.1

Origin

Acts 1970, No. 592, amended by Acts 1972, No. 592; Acts 1973, No. 60; Acts 2001, No. 1032

Effective Date

Taxable periods beginning on or after August 1969

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No.11

Beneficiaries

Owners of property destroyed by a natural disaster in an area determined by the President of the United States to need federal assistance.

Estimated Fiscal Effect

During fiscal year 2024-2025, no sales tax refunds were issued for state sales tax paid on property destroyed in a natural disaster.

The provision has been repealed; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

Sales Tax

{ Refunds }

147. Sales, Leases, or Rentals of Durable Medical Equipment Paid by or Under Provisions of Medicare

This exemption allows for the tax-free purchase or rental of durable medical equipment when paid by, or under the provisions of, Medicare. While most qualifying purchases were already exempt from state sales tax under R.S. 47:305.2 (medical exemptions), leases of such equipment were not covered by that provision.

Previously, a refund was available for these transactions, but it was repealed effective January 1, 2025. The current exemption was enacted and applies to taxable periods beginning on or after January 1, 2025.

Legal Citation

R.S. 47:305.2(B)(8), as of January 1, 2025; previously R.S. 47:315.3

Origin

Acts 1994, No. 25

Effective Date

Taxable periods beginning on or after August 1994 for the refund; taxable periods beginning on or after January 1, 2025, for the exemption.

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Purchasers and lessees of qualifying durable medical equipment

Estimated Fiscal Effect

The Department is unable to estimate the future fiscal effect of this refund since it fluctuates from year to year.

148. Louisiana Tax-Free Shopping Program

This program allows international tourists to receive refunds of state and local sales taxes on certain purchases, with the goal of promoting tourism in Louisiana. Merchants who pay an annual \$100 fee are included in a listing of tax-free stores distributed to international tourists. The purpose of this provision is to encourage tourists to shop in Louisiana, thereby benefiting local retailers.

Legal Citation

R.S. 51:1301

Origin

Acts 1988, No. 535, amended by Acts 2001, 1st Ex. Sess., No. 7; Acts 2004 1st Ex. Sess., No. 14; Acts 2006, No. 76; Acts 2008, No. 232; Acts 2012, No. 435

Effective Date

Taxable periods beginning July 1988, through December 31, 2024

Repealed

Repealed effective January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

International tourists who travel and make purchases in Louisiana and the merchants who participate in the program

Estimated Fiscal Effect

The Louisiana Tax-Free Shopping Program and the exemption sunset on June 30, 2024; and has been repealed. Purchases made on or after July 1, 2024, do not qualify for refund; therefore, there is no estimated revenue loss for FYE 6-26 or FYE 6-27.

Sales Tax

{ Rebate }

149. Motor Vehicles Used by Those with Orthopedic Disabilities

This rebate provides financial relief to individuals—or entities acting on their behalf—purchasing vehicles for use by persons with orthopedic disabilities. Vehicle modifications must be made in accordance with a prescription or written recommendation from a physician, licensed chiropractor, or driver rehabilitation specialist. An individual is considered orthopedically disabled if they have permanent limitations in the movement of body extremities or loss of physical function, necessitating a specially modified vehicle for transportation. After the required modifications are completed, the purchaser may apply for a rebate of the state sales tax paid. The purpose of this rebate is to allow taxpayers to recover state sales tax paid on vehicles purchased for the transport of individuals with orthopedic disabilities.

Legal Citation

R.S. 47:305.72

Origin

Acts 2019, No. 419

Effective Date

Taxable periods beginning on or after July 1, 2019

Beneficiaries

Purchasers of vehicles for those with orthopedic disabilities

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$10,000	\$11,000

150. Fiber-Optic Cable Equipment Rebate and Data Center Equipment Rebate/Exemption

As originally enacted, this provision authorized a rebate of state and local sales and use taxes paid by the winning bidder on fiber-optic cable equipment used for broadband networks in unserved areas in Louisiana. The rebate was available to a winning bidder that was awarded a census block in the Rural Digital Opportunity Fund Auction. The rebates amount to 50% of the sales and use tax paid by the winning bidder on fiber-optic cable equipment. Qualifying “Fiber-Optic Equipment” includes: (1) Telecommunications fiber; (2) Wires; (3) Poles; (4) Supports; (5) Lashing Cable; (6) Conduit; (7) Communication Handholes; and (8) Customer Premise Equipment.

Effective July 1, 2024, the provision was expanded to certain data center facility equipment. A data center facility certified by Louisiana Economic Development is eligible for a rebate of sales and use taxes paid on the purchase of certain data center equipment, as well as sales tax paid for development, acquisition, construction, lease, repair, refurbishment, expansion and renovation of a qualified data center.

Act 11 of the 2024 Third Extraordinary Session converted the data center rebate to an exemption and repealed the rebate for fiber-optic cable equipment.

Effective January 1, 2025, this provision exempts the purchase or lease of specific data center facility equipment from state and local sales and use taxes. The equipment purchases must be made by a data center facility that has been approved by Louisiana Economic Development and is in compliance with R.S. 47:305.73.

Legal Citation

R.S. 47:305.73

Origin

Acts 2020, 1st Ex. Sess., No. 35, amended by Acts 2024, No. 730; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after July 1, 2020, through December 31, 2024 - *Fiber-Optic Cable Equipment*

Taxable periods beginning on or after July 1, 2024 - *Data Center Facility Equipment and Expenditures*

Beneficiaries

Purchasers of data center facility equipment

Estimated Fiscal Effect

This rebate was affected by legislation from the 2024 Regular Session and 2024 Third Extraordinary Session. Prior to January 1, 2025, qualified purchases of fiber-optic cable equipment and data center facility equipment and

Sales Tax

{ Rebate }

150. Fiber-Optic Cable Equipment Rebate and Data Center Equipment Rebate/Exemption *(continued)*

expenditures qualified for a rebate of the entire 4.45% state sales tax. Effective January 1, 2025, qualified purchases of data center facility equipment and expenditures are entirely exempt from the 5% state sales tax rate.

The Department is unable to estimate the future fiscal effect.

{ State Exemptions with Prohibitions on Taxation }

151. Credit for Sales and Use Taxes Paid to Other States on Property Imported into Louisiana

This credit allows a person or business to reduce any Louisiana use tax owed by the amount of sales tax lawfully paid to another qualified state. To qualify, the other state must provide a similar credit for Louisiana taxes, and the tax charged must be comparable in nature. Louisiana has entered into agreements with other states to provide such reciprocal credits for its residents. The purpose of this provision is to ensure reciprocity with other states that offer similar tax credits.

Legal Citation

R.S. 47:303(A)(3)(a)

Origin

Acts 1964, No. 171, amended by Acts 2005, No. 394

Effective Date

Taxable periods beginning on or after July 1964

Beneficiaries

Persons and companies importing property into this state

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect; there is no reporting requirement for the data.

Sales Tax

{ State Exemptions With Prohibitions On Taxation }

152. Credit for Use Tax Paid on Automobiles Imported by Certain Members of the Armed Services

This provision allows Louisiana residents who have served in the armed services for two years or more to receive a credit for sales taxes paid on automobiles. The credit applies to both state and local sales taxes paid to any other state. The purpose of this credit is to provide financial assistance to members of the armed services.

Legal Citation

R.S. 47:303(A)(3)(a)

Origin

Acts 1965, No. 122, amended by Acts 2005, No. 394

Effective Date

Taxable periods beginning on or after July 1965

Beneficiaries

Louisiana residents who serve in the armed services

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect, as the Office of Motor Vehicles could not provide data on these transactions.

153. Use of Vehicles in Louisiana by Active Military Personnel

This exemption permits active-duty military personnel to transfer motor vehicles into Louisiana free from sales tax, provided the following conditions are met:

- the individual is on active duty in Louisiana;
- sales tax was paid in the state where the vehicle was purchased; and
- the purchaser was either a resident of, or stationed on military duty in, the state where the vehicle was purchased.

The vehicle becomes subject to Louisiana sales tax upon the individual's separation from active military service. A credit is allowed for sales taxes paid to other states pursuant to R.S. 47:303(A).

This statute is consistent with provisions of the federal Soldiers' and Sailors' Civil Relief Act of 1940 (50 U.S.C. § 574). Because of the federal protections provided under this Act, the credit for taxes paid to other states is not expected to result in additional revenue losses. The purpose of this provision is to provide reciprocity for similar tax credits allowed by other states.

Legal Citation

R.S. 47:305.48

Origin

Acts 1989, No. 435

Effective Date

Taxable periods beginning on or after September 1989

Beneficiaries

Active military personnel

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect, as the Office of Motor Vehicles could not provide data on these transactions.

Sales Tax

{ State Exemptions With Prohibitions On Taxation }

154. Purchases Made with Food Stamps and WIC Vouchers

This exemption allows tax-free purchases of eligible food items when purchased using benefits from the USDA Supplemental Nutrition Assistance Program (SNAP) or the Women, Infants, and Children (WIC) program. The federal government provides SNAP and WIC benefits to eligible participants for the purchase of qualifying food items.

As a condition of receiving federal funding for SNAP and WIC, states are prohibited from taxing these purchases. Repeal of this exemption would result in the loss of federal funding. The purpose of this exemption is to ensure compliance with federal requirements.

Legal Citation

R.S. 47:305.7(C)(1) and (2), as of January 1, 2025; previously R.S. 47:305.46

Origin

Acts 1986, No. 1028, amended by Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after October 1, 1987

Beneficiaries

Purchasers using SNAP and WIC benefits

Estimated Fiscal Effect

Food items eligible to be purchased with SNAP and WIC benefits would also fall under the constitutional exclusion as food for home consumption.

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$74,745,000	\$76,240,000

155. Sales of Water to the Consumer for Residential Use

The Louisiana Constitution prohibits the imposition of sales tax on natural gas, electricity, and water sold directly to the consumer for residential use. The constitutional amendment was approved by voters on November 5, 2002, with the full exclusion taking effect July 1, 2003. The purpose of the exclusion is to provide financial relief to residential consumers of water utility services.

Legal Citation

La. Const. art. VII, §2.2, R.S. 47:305(D)(1)(b)

Origin

Constitutional Amendment

Effective Date

Taxable periods beginning on or after January 1, 2003

Beneficiaries

Residential consumers of water utility services

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

See number 156 in this Section.

Sales Tax

{ State Exemptions With Prohibitions On Taxation }

156. Sales of Electric Power or Energy to the Consumer for Residential Use

The Louisiana Constitution prohibits the imposition of sales tax on natural gas, electricity, and water sold directly to consumers for residential use. The constitutional amendment was approved by voters on November 5, 2002, with the full exclusion taking effect July 1, 2003. The purpose of the exclusion is to provide financial relief to residential consumers of electrical utility services.

Legal Citation

La. Const. art. VII, §2.2, R.S. 47:305(D)(1)(b)

Origin

Constitutional Amendment

Effective Date

Taxable periods beginning on or after January 1, 2003

Beneficiaries

Residential consumers of electrical utility services

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$252,776,000	\$257,831,000

157. Sales of Natural Gas to the Consumer for Residential Use

The Louisiana Constitution prohibits the imposition of sales tax on natural gas, electricity, and water sold directly to consumers for residential use. The constitutional amendment was approved by voters on November 5, 2002, with the full exclusion taking effect on July 1, 2003. The purpose of the exclusion is to provide financial relief to residential consumers of natural gas.

Legal Citation

La. Const. art. VII, §2.2, R.S. 47:305(D)(1)(b)

Origin

Constitutional Amendment

Effective Date

Taxable periods beginning on or after January 1, 2003

Beneficiaries

Residential consumers of natural gas

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

See number 156 in this Section.

Sales Tax

{ State Exemptions With Prohibitions On Taxation }

158. Drugs Prescribed by Physicians or Dentists

This exemption allows prescription drugs to be purchased free from sales tax when prescribed by a physician or dentist, as well as drugs dispensed to patients by hospitals pursuant to a physician's order. Drugs include all pharmaceuticals and medical devices which are prescribed for use in the treatment of any medical disease. On November 5, 2002, voters approved a constitutional amendment that prohibits the taxation of prescription drugs. The purpose of this prohibition is to provide financial assistance to consumers.

Legal Citation

La. Const. art. VII, §2.2, R.S. 47:305.2(A)(1)

Origin

Constitutional Amendment

Effective Date

Taxable periods beginning on or after January 1, 2003

Beneficiaries

Hospitals and individuals who purchase prescription drugs

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$575,245,000	\$586,750,000

159. Sales of Food for Preparation and Consumption in the Home

The Louisiana Constitution prohibits the taxation of food sold for preparation and consumption in the home. The constitutional amendment was approved by voters on November 5, 2002, with the full exclusion taking effect on July 1, 2003. Sales of prepared foods by grocery stores, department stores, variety stores, drug stores, delicatessens, convenience stores, meat markets, seafood markets, and similar businesses do not qualify for the exclusion and remain subject to state sales tax. The purpose of this prohibition is to provide financial relief to the general public on food purchases.

Legal Citation

La. Const. art. VII, §2.2, R.S. 47:305(C)(1)(a)-(e)

Origin

Constitutional Amendment

Effective Date

Taxable periods beginning on or after January 1, 2003

Beneficiaries

The general public

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$644,045,000	\$656,926,000

Sales Tax

{ State Exemptions With Prohibitions On Taxation }

160. Purchases of Butane, Propane, and Liquefied Petroleum Gas by Residential Consumers

Consumers are allowed to buy fuel or gas, including butane and propane, for residential use without paying the sales tax. The purpose is to provide financial relief to consumers.

Legal Citation

La. Const. art. VII, §2.2 and R.S. 47:305.39, as of January 1, 2025; previously La. Const. art VII, §2.2 and R.S. 47:301(10)(x)

Origin

Acts 2004, 1st Ex. Sess., No. 8, amended by Acts 2017, No. 424; Acts 2024, 3rd Ex. Sess., No.11

Effective Date

Taxable periods beginning on or after July 1, 2004

Beneficiaries

Residential consumers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

See number 156 in this Section.

161. Purchases of Certain Fuels for Private Residential Consumption

This exemption allows the tax-free purchase of butane, propane, and other liquefied petroleum goods used for private residential cooking and cleaning purposes. The purpose of this exemption is to provide financial assistance to consumers.

Legal Citation

La. Const. art. VII, §2.2 and R.S. 47:305.39

Origin

Acts 1983, No. 654, amended by Acts 1985, No. 622

Effective Date

Taxable periods beginning on or after July 1, 1984

Beneficiaries

Residential consumers

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$428,000	\$437,000

Sales Tax

{ State Exemptions With Prohibitions On Taxation }

162. Sales of Gasoline, Gasohol, and Diesel

The Louisiana Constitution prohibits the imposition of sales tax on fuel that is subject to the road-use excise tax. As a result, most fuel sales are excluded from sales taxation, since the majority of gasoline, gasohol, and diesel fuel is subject to the road-use tax.

Gasoline that is not subject to the road-use excise tax is exempt from sales tax pursuant to R.S. 47:305(D)(1)(a). Gasohol that is not subject to the road-use excise tax was exempt from sales tax under R.S. 47:305.28 prior to January 1, 2025, provided it was produced, fermented, and distilled in Louisiana.

The fiscal impact of this constitutional exclusion is reflected in this section. The intent of the prohibition is to provide a tax benefit to consumers.

Legal Citation

La. Const. art. VII, §27

Origin

Constitutional Amendment

Effective Date

Taxable periods beginning on or after January 1, 1990

Beneficiaries

Consumers of road use gasoline and gasohol

Estimated Fiscal Effect

Pertinent transactions are entirely exempt from state sales and use taxes for FYE 6-26 and FYE 6-27.

FYE 6-26	FYE 6-27
\$575,662,000	\$552,286,000

Tax Incentives and Exemption Contracts

Tax Incentives and Exemption Contracts

{ Introduction }

Louisiana Economic Development (LED) administers various tax exemptions and incentive programs for the benefit of qualifying businesses. The State Board of Commerce and Industry is responsible for reviewing and approving or disapproving applications for many of the tax incentive programs administered by LED.

Depending on the legislative intent, businesses must meet specific criteria to be eligible for the various tax exemptions and incentives and once approved, must continue to comply with the program guidelines to maintain eligibility. The purpose of these tax exemption and incentive contracts is to encourage specific economic development.

Types of Tax Exemptions

Tax exemptions can be in the form of sales and use tax rebates and exemptions, rebates and credits for income taxes, corporation franchise tax, and other taxes imposed by the state.

Significant Changes

2025 Regular Session

Act 44

Act 44 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.

Tax Incentives and Exemption Contracts

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Tax Incentives and Exemption Contracts

1. Motion Picture Investor Tax Credit

The purpose of the tax credit is to encourage development in Louisiana of a strong capital base for motion picture production in order to achieve an independent, self-supporting industry. For applications received before July 1, 2025, the credit is governed by the regulations contained in Subchapter A of Part I of Title 61. For applications received on or after July 1, 2025, the credit is governed by the regulations contained in Subchapter B of Part I of Title 61.

- For applications received prior to July 1, 2025
 - State certified productions meeting certain criteria are eligible for a tax credit of up to 40% for qualified expenditures.
 - Qualified Entertainment Companies (QEC) meeting certain criteria are eligible for, a payroll tax credit of up to 20%.
- For applications received on or after July 1, 2025:
 - State certified productions with a base investment equal to \$150,000 are eligible for a tax credit of up to 40%.
 - Qualified Entertainment Companies, at the invitation of the secretary, are eligible for a tax credit on terms and conditions, as negotiated and approved by the secretary.

Limitation of the Credit

- LED program issuance cap – for applications received on or after July 1, 2017, and before July 1, 2025 LED shall issue no more than \$150 million per fiscal year. For applications received on or after January 1, 2025, LED shall issue no more than \$125 million per fiscal year.
- LDR taxpayer claim cap – beginning July 1, 2017, through June 30, 2025, tax credit claims and transfers to the state could not exceed \$180 million per fiscal year and any unused cap amounts rolled over to the next year. Beginning July 1, 2025, tax credit claims and transfers to the state shall not exceed \$125 million per fiscal year. Any unused cap amount is lost.
- For applications received on or after July 1, 2017, credits cannot be transferred or sold to another taxpayer.
- Effective August 1, 2023, taxpayers are prohibited from earning, transferring, or using a credit if he owes a delinquent federal, state, or local tax obligation. The taxpayer must certify that there is no delinquent federal, state, or local tax obligation.
- For applications received on or after July 1, 2025, the credit is governed by the provisions of LAC 61:I.61, Subchapter B.

1. Motion Picture Investor Tax Credit (continued)

Application of Credits

- Individuals must claim credit on their individual income tax return.
- Estates or trusts must claim credit on their fiduciary income tax returns.
- Entities taxed as corporations will claim credit on their corporation income and franchise tax return.
- Entities not taxed as corporations will claim the credit on the returns of the partners or members.

Transferability of the Credit

For application submitted prior to July 1, 2017, any tax credits allocated to a person may be transferred back to the state for 85¢ per \$1 or any tax credits allocated to a person and not previously claimed by any taxpayer against his income tax may be transferred or sold to another person for a \$200 transfer fee per transferee subject to the following conditions:

- A single transfer or sale may involve one or more transferees.
- Transferors and transferees must submit notification of any transfer or sale of tax credits to LED and LDR within 30 days after the transfer or sale of the tax credits.
- Failure to comply with the transfer requirements will result in the disallowance of the tax credit until the taxpayers are in full compliance.
- The credit transfer or sale does not extend the time in which the credit can be used.
- The transferee must apply the credits in the same manner and against the same taxes as the taxpayer originally awarded the credit.

For applications submitted on or after July 1, 2017, tax credits may be transferred back to the state for ninety cents per dollar, subject to a 2% transfer fee.

Legal Citation

R.S. 47:6007

Origin

Acts 1992, No. 894, amended by Acts 1997, No. 658; Acts 2002, 1st Ex. Sess., No. 6; Acts 2003, No. 551; Acts 2003, No. 1240; Acts 2004, 1st Ex. Sess., No. 7; Acts 2005, No. 456; Acts 2007, No. 456; Acts 2009, No. 530 and 478; Acts 2013, No. 178; Acts 2014, No. 646; Acts 2015, No. 129; Acts 2015, No. 134; Acts 2015, No. 141; Acts 2015, No. 142; Acts 2015, No. 143; Acts 2015, No. 144; Acts 2015, No. 357; Acts 2015, No. 361; Acts 2015, No. 412; Acts 2015, No. 417; Acts 2015, No. 425; Acts 2015, No. 451;

Tax Incentives and Exemption Contracts

1. Motion Picture Investor Tax Credit (continued)

Acts 2015, No. 452; Acts 2016, 1st Ex. Sess., No. 29; Acts 2017, No. 223, 309 and 384; Acts 2023, No. 411; Acts 2024, 3rd Ex. Sess., No. 11; Acts 2025, No. 44; Acts 2025, No. 432

Effective Date

Taxable periods beginning on or after January 1, 1993

Sunset Date

No new applications allowed on or after July 1, 2031

Beneficiaries

Investors in state-certified motion picture productions

Fiscal Effect

An analysis of the type of credits and buybacks for FYE 6-25 is as follows:

Fiscal Effect		
	FYE 6-25	% of Total
Individual Income Tax	\$209,780	0.21%
Corp. Income Tax	\$101,819,468	99.79%
Fiduciary Income Tax	\$0	0%
Total	\$102,029,248	100.00%

Revenue loss in the amount of \$102,029,248 for buybacks was issued under the cap on the credit for FYE 6-25.

Estimated Fiscal Effect

The estimated fiscal effect of this credit is limited by the cap placed on the credit by Acts 2024, 3rd Ex. Sess., No.11.

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$125,000,000	\$125,000,000

2. Research and Development Tax Credit

The purpose of the research and development (R&D) tax credit is to support and encourage businesses to begin or continue conducting R&D activities in Louisiana. Through the Louisiana Research and Development Program, companies may receive a tax credit of up to 30% on qualified R&D expenses made within the state. To be eligible, a business must meet specific requirements and have conducted qualified R&D activities in Louisiana.

There are three categories of eligible applicants, each with different credit rates and filing requirements: companies with more than 50 employees that have increased their R&D spending in Louisiana; businesses that have received a Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) grant; and companies with fewer than 50 employees.

Some businesses, however, are not eligible for the credit unless they are specifically invited by Louisiana Economic Development (LED). This includes companies that do not have a pending or issued U.S. patent directly related to the R&D for which the credit is being claimed. Specifically, this restriction applies to professional services firms and businesses mainly involved in custom manufacturing or custom fabricating, as defined by state regulations.

Sale of Unused Tax Credits

For research and development expenditures made between 2003 and 2008, taxpayers whose tax credits exceed their state tax liability for a given year may choose to sell their unused credits to other taxpayers with a Louisiana tax liability, as long as all of the following conditions are met:

1. The unused credits are sold for a minimum of 75% of the value of the tax benefits.
2. The taxpayer seeking to sell the unused credits belongs to one of the traditional or seed clusters as defined by LED.
3. The taxpayer seeking to sell the unused credit employs no more than 225 employees, of which 75% must be Louisiana citizens.
4. The sale of the tax credit must be approved by LED.
5. The purchaser of unused credits must apply the credits in the same manner and against the same taxes as the taxpayer originally awarded the credit.

Application of Credits

- Individuals must claim credit on their individual income tax return.
- Estates or trusts must claim credit on their fiduciary income tax returns.
- Entities taxed as corporations will claim credit on their corporation income and franchise tax return.

Tax Incentives and Exemption Contracts

2. Research and Development Tax Credit (continued)

- Entities not taxed as corporations will claim the credit on the returns of the partners or members.

Transferability of the Credit

For tax years 2018 and beyond, tax credits certified through participation in the Small Business Technology Transfer Program or the Small Business Innovation Research Grant program that have not yet been claimed by any taxpayer may be transferred or sold to another Louisiana taxpayer. A \$200 transfer fee applies for each person receiving the credit. This transfer or sale is allowed only if all of the following conditions are met:

- A single transfer or sale may involve one or more transferees.
- Transferors and transferees must submit notification of any transfer or sale of tax credits to LED and LDR within 30 days after the transfer or sale of the tax credits.
- Failure to comply with the transfer requirements will result in the disallowance of the tax credit until the taxpayers are in full compliance.
- The credit transfer or sale does not extend the time in which the credit can be used.
- The transferee must apply the credits in the same manner and against the same taxes as the taxpayer originally awarded the credit.

Limitation of the Credit

Beginning July 1, 2025, tax credit claims and transfers to the state shall not exceed \$12 million per fiscal year.

Legal Citation

R.S. 47:6015

Regulations

LAC 13:I.2901 et seq.

Origin

Acts 2002 1st Ex. Sess., No. 9, amended by Acts 2005, No. 402; Acts 2009, No. 477; Acts 2011, No. 407; Acts 2013, No. 257; Acts 2015, No. 133, 357, 361, and 412; Acts 2017, No. 336; Acts 2020 1st Ex. Sess., No. 13; Acts 2023, No. 251 and 350; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after January 1, 2003 –
Income

Taxable periods beginning on or after January 1, 2004 –
Franchise

2. Research and Development Tax Credit (continued)

Sunset Date

No credit shall be allowed for research expenditures, Small Business Technology Transfer Program funds received, or Small Business Innovation Research Grant funds received after December 31, 2029.

Beneficiaries

Qualifying taxpayers increasing research activities in Louisiana or taxpayers participating in the Small Business Technology Transfer Program or the Small Business Innovation Research Grant Program

Fiscal Effect

An analysis of the income and corporation franchise tax credits for FYE 6-25 is as follows:

Fiscal Effect		
	FYE 6-25	% of Total
Corporate Income Tax	\$5,276,388	31.08%
Individual Income Tax	\$8,926,257	52.58%
Fiduciary Income Tax	\$419,955	2.47%
Corp. Franchise Tax	\$2,355,341	13.87%
Total	\$16,977,941	100.00%

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$12,000,000	\$12,000,000

Tax Incentives and Exemption Contracts

3. Digital Interactive Media and Software Tax Credit

The purpose of this tax credit is to support the growth of a strong capital base for producing digital interactive media, helping to create a more independent and self-sustaining industry in Louisiana. The state offers a Digital Media and Software Tax Credit that provides up to a 25% refundable credit on in-state labor costs, along with up to an 18% refundable credit on eligible production expenses.

- No cap and no minimum requirement.
- The tax credit is available for a refund of 100% of its value claimed on a Louisiana state tax return OR certified applicants can receive 85% of the value earned as a rebate any time during the year.

Application of Tax Credits

- All entities taxed as corporations for state tax purposes must claim credit on their corporation income and franchise tax return.
- Individuals must claim credit on their individual income tax return.
- Entities not taxed as corporations must claim credit on the partner's tax returns.

The tax credit can be applied to the taxpayer's income tax owed for the year the credit is earned, as well as for the previous year. If the credit is larger than the taxes owed, the unused portion can be carried forward and used to reduce tax liability for up to ten years. However, the credit applied in any given year cannot be more than the amount of taxes due for that year.

Transferability of the Credit

For tax credits earned from expenditures made on or before December 31, 2011, any credits that have been allocated to a person but not yet claimed by any taxpayer may be transferred or sold to another person. This transfer or sale is allowed only if certain conditions are met:

- A single transfer or sale may involve one or more transferees.
- Transferors and transferees must submit notification of any transfer or sale of tax credits to LED and LDR within 30 days after the transfer or sale of the tax credits.
- Failure to comply with the transfer requirements will result in the disallowance of the tax credit until the taxpayers are in full compliance.
- The credit transfer or sale does not extend the time in which the credit can be used.
- The transferee must apply the credits in the same manner and against the same taxes as the taxpayer originally awarded the credit.

3. Digital Interactive Media and Software Tax Credit (continued)

Legal Citation

R.S. 47:6022

Origin

Acts 2005, No. 346, amended by Acts 2009, No. 454; Acts 2011, No. 415; Acts 2013, No. 418; Acts 2015, No. 125; Acts 2015, No. 357; Acts 2015, No. 412; Acts 2017, No. 400

Effective Date

Expenditures incurred on or after June 30, 2005

Beneficiaries

Taxpayers that invest in a state-certified digital interactive media production in Louisiana as well as citizens who benefit from a more independent, self-supporting digital interactive media industry

Fiscal Effect

An analysis of the income and corporation franchise tax credits and rebates for FYE 6-25 is as follows:

Fiscal Effect		
	FYE 6-25	% of Total
Corporate Income Tax	\$18,396,157	42.11 %
Corporate Income Rebates	\$24,203,201	55.40 %
Fiduciary Income Tax	\$0	0 %
Individual Income Tax	\$1,089,951	2.49 %
Corp. Franchise Tax	\$0	0 %
Total	\$43,689,309	100.00 %

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$62,000,000	\$60,760,000

Tax Incentives and Exemption Contracts

4. Louisiana Capital Companies Tax Credit Program

The purpose of the Louisiana Capital Companies Tax Credit Program is to support the creation and growth of new businesses that generate jobs in the state. It does this by helping make venture capital financing available to entrepreneurs, managers, inventors, and others involved in developing and running qualified businesses in Louisiana.

Program Administration

- LED is responsible for maintaining and interpreting program policy.
- The Office of Financial Institutions (OFI) is responsible for performing the program's regulatory and examination functions.

Certification of a Capital Company

Companies that want to be certified as a Louisiana Capital Company must submit an application to the Commissioner of the Office of Financial Institutions (OFI). To qualify, the company must have at least \$200,000 in capitalization. Within 60 days of receiving the application, the OFI Commissioner will either issue the certification—while notifying the Department of Revenue and the Commissioner of Insurance—or deny the certification and provide the applicant with the reasons for the denial. Additionally, the OFI Commissioner is required to provide a quarterly list to the Department of Revenue and the Commissioner of Insurance identifying the individuals or businesses eligible to claim the tax credit.

Income Tax Credit or Premium Tax Reduction

Any person who invests in the certified capital of a certified Louisiana capital company may claim either a reduction in their insurance premium tax or an income tax credit during the taxable year in which the investment is made.

The income tax credit equals 35% of the amount invested. However, the total income tax credits given to all taxpayers are capped at \$2 million per calendar year. If requests for credits go over this limit, the credits will be divided among the certified Louisiana capital company groups.

Insurance premium tax reductions are allowed as follows:

1. For tax reduction credits granted to investors prior to January 1, 2001, the tax reduction will be applied to the premium tax liability not to exceed 10% of the premium tax reduction in any one year until 100% of the premium tax reduction has been claimed by the insurer.

4. Louisiana Capital Companies Tax Credit Program *(continued)*

2. For tax reduction credits granted to investors after January 1, 2001, the tax reduction will not be applied to any premium tax liability generated within two years from the date of investment and will be applied to the premium tax liability not to exceed 12% of the premium tax reduction in any one year until one hundred percent of the premium tax reduction has been claimed by the insurer.
3. The tax reduction credits may not exceed the premium tax liability in any taxable year.
4. If a holder of premium tax reduction credits does not use credits that are generated after December 31, 1999, and which are eligible to be used in a given calendar year, those premium tax reduction credits may be carried forward and used in any subsequent year until such credits are exhausted; provided, the reduction in any taxable year shall not exceed the premium tax liability for the taxable year.
5. Tax reduction credits are not allowed for investments made after December 31, 2003.
6. The total insurance premium tax credits granted in any calendar year may not result in an additional reduction of total premium tax revenues greater than \$5 million.
7. If the total requests for premium tax credits exceed the \$5 million maximum amount, the premium tax credits will be allocated to the certified Louisiana capital company groups.

Transfer of Tax Credits

- LED will provide for the transfer or sale of premium and income tax credits.
- The transfer or sale of income or premium tax credits will be restricted to transfers or sales between affiliates and sophisticated investors.
- No acquirer of tax credits will be able to use any premium tax credit earned after July 1, 2002, until at least the second anniversary of the investment date of the investment pool from which the premium tax credits were earned.

Tax Incentives and Exemption Contracts

4. Louisiana Capital Companies Tax Credit Program *(continued)*

- Even though a transfer or sale of credits may involve several entities, only one election may be made during any calendar quarter.
- An investor in a certified Louisiana capital company may only transfer or sell credits once during a calendar quarter and the entity that purchases the credit may not transfer credits obtained during the quarter in which the credits are transferred or purchased.
- In any subsequent calendar year, the purchaser of the credits may make one transfer election per calendar quarter.

Corporation Income and Franchise Tax Exemption

- Any corporation that is a certified Louisiana capital company will be exempt from the corporation income tax and the corporation franchise tax for five (5) consecutive taxable periods.
- The corporation income tax exemption begins with the taxable period in which the capital company is certified. If the corporation is certified before the beginning of its first taxable period, the exemption will begin with the corporation's first taxable period.
- The corporation franchise tax exemption begins with the next taxable period following the taxable period in which capital company is certified. If the corporation is certified before the beginning of its first taxable period, the exemptions will begin with the corporation's second taxable period.

Legal Citation

R.S. 51:1921 et seq.

Regulations

LAC 10:XV.301 et seq.

Origin

Acts 1983, No. 642, amended by Acts 1984, No. 891; Acts 1986, No. 695 and 915; Acts 1987, No. 703; Acts 1989, No. 496; Acts 1992, No. 849; Acts 1993, No. 279; Acts 1994, 3rd Ex. Sess., No. 9; Acts 1996, No. 21; Acts 1997, No. 58 and 366; Acts 1998, No. 70; Acts 2001, No. 8, 9, and 1122; Acts 2002, No. 84

Effective Date

Taxable periods beginning on or after January 1, 1986

Program Termination

No capital companies may be certified to begin the program after June 30, 2003, and no capital investments may be certified after December 31, 2003.

4. Louisiana Capital Companies Tax Credit Program *(continued)*

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11.

Beneficiaries

Individuals who need venture capital to develop and operate a qualified Louisiana business

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0; no activity is anticipated.

Tax Incentives and Exemption Contracts

5. New Markets Tax Credit

An income tax credit was allowed for investments in qualified low-income community development entities (CDEs). Before claiming the tax credit, investors were required to apply to the Department of Revenue and the credits were allocated on a first-come, first-served basis. All requests received on the same business day were treated as received at the same time, and if the aggregate amount of the tax credit requests received on a single business day exceeded the total amount of available tax credits, tax credits were approved on a pro rata basis.

Investors were eligible for the tax credit if the CDE made qualified low-income community investments and no more than 25% of their investments in low-income communities were in the form of loans.

Qualified low-income community investments cannot consist of investments secured by any state or federal governmental entity.

Unused credits could be carried forward for ten years.

Limitations on Tax Credit

The \$50 million cap on the credit for initial investments made July 1, 2007, through March 31, 2007, has been reached.

The \$50 million lifetime program cap for investments on or after April 1, 2008, has been reached.

Legal Citation

R.S. 47:6016

Origin

Acts 2002, No. 66, amended by Acts 2005, No. 424; Acts 2007, No. 379; Acts 2009, No. 463; Acts 2013, No. 265; Acts 2024, No. 5

Effective Date

Taxable periods beginning on or after September 1, 2002

Sunset Date

No tax credits are allowed for qualified equity investments made after August 31, 2013

Repealed

Repealed for taxable periods beginning on or after January 1, 2025, by Acts 2024, 3rd Ex. Sess., No. 11

Beneficiaries

Private sector capital investors investing in certain low-income

Fiscal Effect

During Fiscal Year 2024-2025, no credits were claimed.

Estimated Fiscal Effect

There is no estimated revenue loss for FYE 6-26 or FYE 6-27.

6. Industrial Tax Equalization Program

The purpose of this program is to encourage businesses to establish or keep manufacturing facilities, headquarters, or warehousing and distribution centers in Louisiana. It does this by offering a process that can reduce the total amount of state and local taxes these businesses pay—after all other site-specific tax incentives have been applied—to levels that match those in other competing states.

Requirements for Exemption

The Board of Commerce and Industry may enter into a tax equalization contract only if each of the following requirements are met by the manufacturing establishment, headquarters, or warehousing and distribution establishments:

- The establishment must either be located in another state or be located in Louisiana and contemplating relocating to another state that offers equivalent or comparable advantages to the area in Louisiana where the establishment currently is or plans to be.
- The state where the establishment is located or considering relocating must have a total state, parish, and local tax system that provides a greater tax benefit than Louisiana's tax structure.
- The applicant for tax equalization may be any type of business entity.
- The sites being considered in both Louisiana and the competing state must be valid and suitable for the proposed operations.
- The secretary of LED must recommend to the governor that an invitation to apply for tax equalization be extended.
- The applicant must receive an official invitation to apply from the governor.

Tax Exemptions

Tax exemptions will be granted to entities in the following priority:

- New or retained manufacturing establishment
 1. Corporation franchise tax.
 2. Corporation income tax.
 3. Sales and use tax on machinery and equipment to be used in manufacturing.
 4. Sales and use taxes on materials and supplies necessary for the manufacture or production of the product of the new manufacturing establishment.
 5. Any other taxes imposed by the state to which like businesses are subject.
- New or retained headquarters
 1. Corporation franchise tax.

Tax Incentives and Exemption Contracts

6. Industrial Tax Equalization Program (continued)

2. Corporation income tax.
 3. Sales and use tax on purchases and leases of, and repairs to, machinery and equipment that is used in the on-site operation of the new headquarters facility.
 4. Sales and use tax on purchases of tangible personal property used in the construction of the new headquarters facility.
 5. Any other taxes imposed by the state to which like businesses are subject.
- New or retained warehousing and distribution establishment
 1. Corporation franchise tax.
 2. Corporation income tax.
 3. Sales and use tax on purchases and leases of, and repairs to, machinery and equipment that is used in the on-site operation of the warehousing and distribution establishment.
 4. Sales and use tax on purchases of materials and supplies necessary for the on-site operation of the warehousing and distribution establishment.
 5. Sales and use tax on purchases of tangible personal property used in the construction of the warehousing and distribution establishment.
 6. Any other taxes imposed by the state to which like businesses are subject.

Commuter Airline Sales Tax Exclusion

R.S.47:3204(L) provides a state sales tax exclusion for purchases or leases of airplane equipment, airplane parts, and airplanes by any commuter airline domiciled in the state as defined in R.S. 47:305.21.

Legal Citation

R.S. 47:3201-3205

Regulations

LAC 13:I.1901 et seq.; LAC 13:I.2101 et seq.; LAC 13:I.2301 et seq.; LAC 13:I.2501 et seq.

Origin

Acts 1966, 1st Ex. Sess., No. 12, amended by Acts 1976, No. 381; Acts 1985, No. 3; Acts 1987, No. 307; Acts 1989, No. 491; Acts 1993, No. 400; Acts 2005, No. 403; Acts 2007, No. 389; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Purchases or leases occurring on or after September 3, 1989

Sunset Date

No new contracts or renewals after June 30, 2025

6. Industrial Tax Equalization Program (continued)

Beneficiaries

Companies that locate new manufacturing establishments, new headquarters, and new warehouse and distribution establishments in the state, as well as Louisiana citizens who benefit from new employment, production and income opportunities

Fiscal Effect

An analysis of the types of exemptions for FYE 6-25 is as follows:

Fiscal Effect		
	FYE 6-25	% of Total
Sales Tax Exemptions	\$0	0.00%
Corp. Income Tax Exemptions	\$1,563,908	52.25%
Individual Income Tax Exemptions	\$0	0.00%
Corp. Franchise Tax Exemptions	\$1,413,579	47.48%
Fiduciary Income Tax Exemptions	\$0	0.00%
Total	\$2,977,487	100.00%

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$2,367,000	\$1,184,000

Tax Incentives and Exemption Contracts

7. Exemptions for Manufacturing Establishments

The purpose of the exemption for manufacturing establishments program is to promote industrial growth in Louisiana by encouraging the creation of new businesses and supporting the retention and expansion of existing businesses that align with the state's Vision 2020 goals. Applications for this exemption must be submitted to Louisiana Economic Development (LED). At the same time, notices detailing the application and the amount and type of exemption requested must be sent to each member of the state legislature, as well as to the assessor and governing authority of the political subdivisions where the manufacturing establishment is or will be located.

LED reviews the application to determine if it meets the requirements for an exemption contract and decides whether to recommend such exemptions in a contract to the Board of Commerce and Industry. The Board reviews the governor's and LED's recommendations, holds public hearings on exemption applications, and then forwards its recommendations, along with the proposed tax exemption contract and supporting documents, to LED, the governor, the Legislative Budget Committee, the assessor, each legislator, and the local governing authority before the governor takes action.

Once these materials are received, both the governor and the Legislative Budget Committee have 30 days to approve or reject the contract. If approved, the contract is returned to the Board, LED, and the Department of Revenue for implementation. The Board of Commerce and Industry, with the governor's approval, can enter into exemption contracts lasting up to five years. These contracts may be renewed in five-year increments, but the total exemption period generally cannot exceed 15 years unless otherwise provided by law.

Requirements for Exemption

The secretary of economic development and the Board of Commerce and Industry may consider any of the following factors when deciding whether to grant manufacturing establishment exemptions:

1. The benefits to the state, including ongoing employment opportunities, investments in and modernization of facilities, spending on goods and services, contributions to state and local government revenues, and the creation of new permanent jobs.
2. Competitive conditions in other states or foreign countries.
3. The economic viability of the applicant and how any tax exemptions might affect that viability.

7. Exemptions for Manufacturing Establishments (*continued*)

4. The impact of temporary supply and demand conditions on the applicant.
5. The effect of casualties and natural disasters.
6. The influence of United States and foreign trade policies.
7. The impact of federal laws and regulations on the applicant's economic viability within the state.
8. The competitive effect of similar exemptions granted to other applicants.
9. Contract terms that include guarantees of employment, clawback provisions if those guarantees are not met, and other conditions that support the continued operation and staffing of the business.

Tax Exemptions that May be Granted

1. Corporation franchise tax.
2. Corporation income tax.
3. State sales and use taxes on machinery and equipment to be used by the applicant, on materials and building supplies, whether purchased directly or through a contractor, to be used in repair, reconstruction, modification, or construction of plant and facilities, and on materials and supplies used in the manufacture or production of the applicant's product.
4. State sales and use taxes on any other goods and services used or consumed by the applicant.
5. Any other state taxes imposed directly on the applicant.

Legal Citation

R.S. 47:4301-4306

Regulations

LAC 13:I 1701 et seq.

Origin

Acts 1982, No. 773, amended by Acts 1987, Nos. 356, 535, and 921; Acts 1998, No. 32; Acts 1993, No. 400; Acts 1998, No. 32; Acts 2005, No. 403; Acts 2007, No. 389; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Contracts entered on or after September 10, 1982

Sunset Date

No new contracts or renewals after June 30, 2025

Tax Incentives and Exemption Contracts

7. Exemptions for Manufacturing Establishments *(continued)*

Beneficiaries

Companies that establish or expand manufacturing operations in the state, as well as Louisiana citizens who benefit from new employment, production and income opportunities

Fiscal Effect

The Department is unable to estimate the fiscal impact at this time. No new contracts will be initiated after June 30, 2025.

8. Enterprise Zones

Enterprise zones are designated areas characterized by high unemployment, low-income levels, or a large proportion of residents receiving public assistance. The Enterprise Zone (EZ) program is a job incentive initiative that offers Louisiana income and franchise tax credits to new or existing businesses operating within these zones. To qualify, businesses must create permanent net new full-time jobs and hire at least 50% of these new employees from one of four targeted groups.

The benefits under the program include either a one-time job tax credit of \$3,500 or \$1,000 for each net new job created. Additionally, businesses may receive a rebate of state sales and use taxes paid at the prevailing rate on qualifying purchases such as materials, machinery, furniture, and equipment or they may opt for a 1.5% refundable investment tax credit on the total capital investment, excluding tax-exempt items. The combined state sales tax rebate or 1.5% investment tax credit is capped at \$100,000 per net new job created under the contract.

Eligibility

This program is open to any Louisiana business (new or existing) not engaged in gaming, residential development, a church, retail business, or restaurant with NAICS codes of 44, 45, or 722, and that will:

- Create a minimum of five (5) permanent net new full-time jobs within 24 months of their project start date or increase their current nationwide employment by 10% within the first 12 months.
- Hire 50% or more of the net new jobs created from one or more of the certification requirements from these targeted groups:
 1. Residency—someone living within an enterprise zone within the state;
 2. People receiving an approved form of public assistance;
 3. People lacking basic skills, defined as performing below a ninth-grade proficiency level in reading, writing, or mathematics; or
 4. People unemployable by traditional standards.
- Businesses with NAICS codes beginning with 44, 45, 721, and 722 can participate in the program if the advance notification is filed on or after July 1, 2020, and before December 31, 2021. Retail businesses eligible to participate in the program because of Acts 2020 1st Ex. Sess., No. 28 are not eligible to earn benefits after June 30, 2023.

Tax Incentives and Exemption Contracts

8. Enterprise Zones *(continued)*

Jobs Tax Credit

- Either a one-time \$3,500 or \$1,000 jobs tax credit is available for each certified net new job created.
- Effective July 6, 2007, employees must be U.S. citizens and either domiciled in Louisiana or establish domicile in Louisiana within 60 days of their employment.
- The jobs tax credit can be applied against the taxpayer's state income or franchise tax liabilities. Additionally, Limited Liability Companies and Subchapter S corporations may pass the job tax credit to their owners listed on the enterprise zone contract.
- Tax credits may be carried forward for up to 10 years from the year they are earned.

Sales Tax Rebate

State sales and use tax rebates are provided for materials, furniture, fixtures, machinery, and equipment purchased and used at the enterprise zone site. Items must be delivered during the project or construction period. The rebate period cannot exceed 30 months. For projects with advance notifications filed on or after April 1, 2016, the total rebate amount is capped at \$100,000 per net new job created.

Investment Tax Credit

- Effective July 10, 2007, taxpayers can choose between receiving a state sales and use tax rebate or a refundable investment income tax credit equal to 1.5% of qualified expenditures.
- Qualified expenditures include amounts classified as capital expenditures for federal income tax purposes, along with certain exclusions outlined in Internal Revenue Code Section 263(a)(1)(A) through (L). These exclude the capitalized cost of land, capitalized land leases, capitalized interest, and capitalized costs of manufacturing machinery and equipment to the extent those costs are exempt from sales and use tax under R.S. 47:301(3), as well as the capitalized cost of purchasing an existing building.
- For projects with advance notifications filed on or after April 1, 2016, the investment income tax credit is capped at \$100,000 per net new job created.

Application of Jobs Tax Credits

- Individuals must claim credit on their individual income tax return.
- Estates or trusts must claim credit on their fiduciary income tax returns.
- Entities taxed as corporations will claim credit on their corporation income and franchise tax return.

8. Enterprise Zones *(continued)*

- Entities not taxed as corporations will claim the credit on the returns of the partners or members.

Legal Citation

R.S. 51:1781 et seq.

Regulations

LAC 13:L701 et seq.

Origin

Acts 1981, No. 901, amended by Acts 1982, No. 120; Acts 1992, No. 1024; 1993 R.S., H.C.R. No. 71; Acts 1995, No. 194 and 581; Acts 1997, No. 624, 647, 1155, and 1172; Acts 1999, No. 386 and 977; Acts 2000, No. 46; Acts 2001, No. 9; Acts 2002, 1st Ex. Sess., No. 4; Acts 2002, No. 36; Acts 2003, No. 1203 and 1240; Acts 2005, No. 388, 339, and 443; Acts 2007, No. 271 and 279; Acts 2011, No. 359; Acts 2012, No. 45; Acts 2013 No. 141 and 423; Acts 2015, No. 114, 126, and 426; Acts 2016, 1st Ex. Sess., No. 18 and 28; Acts 2017, No. 206 and 386; Acts 2018, No. 11; Acts 2020, 1st Ex. Sess., No. 12 and 28; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Advance notices filed on or after September 11, 1981

Sunset Date

No advanced notices received after June 30, 2025, will be approved to receive tax credits.

Beneficiaries

Companies who meet the statutory criteria and that locate new business establishments in designated enterprise zones, as well as Louisiana citizens who benefit from new employment, production and income opportunities

Fiscal Effect

An analysis of the types of exemptions for FYE 6-25 is as follows:

Fiscal Effect		
	FYE 6-25	% of Total
Sales Tax Rebate	\$1,341,818	6.37%
Corp. Income Tax Jobs Credit	\$2,098,909	9.96%
Investment Credit	\$15,492,725	73.55%
Individual Income Tax Jobs Credit	\$1,503,801	7.14%
Fiduciary Income Tax Jobs Credit	\$108,842	0.51%
Corp. Franchise Tax Jobs Credit	\$519,318	2.47%
Total	\$21,065,413	100.00%

Tax Incentives and Exemption Contracts

8. Enterprise Zones *(continued)*

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$28,000,000	\$27,440,000

9. Sound Recording Investor Tax Credit

The purpose of this tax credit is to promote the growth of a strong capital and infrastructure base for sound recording production in Louisiana, aiming to foster a more independent and self-sustaining music and sound recording industry. For state-certified productions that meet specific criteria, the program offers a tax credit of up to 18% for qualified expenditures. Qualified Music Companies (QMC) that meet certain requirements may receive a payroll tax credit of up to 15%. Additionally, there is a 10% bonus credit added to the base investment credit if the base investment is made by a QMC on a sound recording production of a resident copyright. Once credits are certified, the Louisiana Economic Development (LED) office sends a tax credit certification letter to the Louisiana Department of Revenue (LDR). Upon receiving this letter and any necessary additional information, LDR processes payment to the investor from current tax collections under the relevant tax code.

Limitation on Tax Credit

- The total amount of tax credits that can be certified in any calendar year is capped at \$2.16 million, with 50% of that amount specifically reserved for Qualified Music Companies (QMCs).
- The maximum credit a QMC can receive per project is \$100,000 per year. For applications submitted before July 1, 2021, the credit cannot reduce an investor's income tax liability by more than 50% of their original tax liability. However, for applications submitted on or after July 1, 2021, the credit is refundable.
- Credits are awarded on a first-come, first-served basis.
- If the total amount of requested credits exceeds the \$2.16 million cap in a given year, the excess applications will be carried over and treated as if they were submitted on the first day of the next calendar year.

Legal Citation

R.S. 47:6023

Origin

Acts 2005, No. 485, amended by Acts 2007, No. 368; Acts 2009, No. 475; Acts 2013, No. 385; Acts 2015, No. 125; Acts 2015, No. 357; Acts 2015, No. 412; Acts 2017, No. 275, 323 and 400; Acts 2019, No. 363; Acts 2021, No. 401; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Taxable periods beginning on or after January 1, 2006

Tax Incentives and Exemption Contracts

9. Sound Recording Investor Tax Credit (continued)

Sunset Date

No new applications received after June 30, 2025, will be approved to receive tax credits.

Beneficiaries

Investors in state-certified sound recordings projects

Estimated Fiscal Effect

During FYE 6-25, \$60,460 in rebates were issued.

FYE 6-26	FYE 6-27
\$22,000	\$22,000

10. Angel Investor Tax Credit Program

The purpose of the Angel Investor Tax Credit Program is to encourage third parties to invest in early stage wealth creating businesses in the state, expand the state's economy by enlarging its base of wealth creating businesses, and to enlarge the number of quality jobs available to retain the presence of young people educated in the state

Qualifications

The Angel Investor Tax Credit Program is administered by LED. Individuals or entities that invest in a Louisiana Entrepreneurial Business that is domiciled in the state, employs 50 or fewer full-time employees, and has gross annual sales of less than \$10 million or has a business net worth of less than \$2 million may apply for income or corporation franchise tax credits for a period of five tax years. To participate in the program, each Louisiana Entrepreneurial Business must apply to Louisiana Economic Development (LED). Eligible businesses must demonstrate high growth potential, the ability to generate wealth, that more than 50% of their sales occur outside Louisiana, and that they primarily operate in a qualifying sector—such as energy and process logistics, logistics, aerospace and defense, agribusiness, professional services, life sciences, or technology.

No new tax credits may be reserved after June 30, 2026, though LED may issue remaining unused credits accumulated before January 1, 2026, until those funds are depleted. Beginning January 1, 2026, unused credits cannot be carried forward, and the requirement to divide credits equally over two years will end. Investments in qualifying businesses located in parishes with populations under 50,000, based on the latest federal census, remain eligible for the credit.

Applicants must meet the following qualifications:

- The investment in the Louisiana Entrepreneurial Business must be an investment that is at risk and not secured or guaranteed. "At risk" means that the repayment of the investment is entirely dependent on the success of the business.
- The funds invested by the applicant cannot have been raised as a result of other Louisiana tax incentive programs, funds pooled or organized through capital placement agreements for the purpose of equity and venture capital investing unless approved by LED, or as the result of illegal activity.
- Angel investors cannot be the principal owners of the business who are involved in the operation of the business as a full-time professional activity nor can their spouses and relatives within the third degree of consanguinity or affinity A principal owner means one or more persons who own an aggregate of 50% or more of the Louisiana Entrepreneurial Business.

Tax Incentives and Exemption Contracts

10. Angel Investor Tax Credit Program (continued)

- The use of proceeds from the investment must be used for capital improvements, plant equipment, research and development, working capital for the business, or other business activity as may be approved by LED. The proceeds cannot be used to pay dividends, repay shareholder loans, redeem shares, or repay debt unless approved by LED.
- The applicant must meet the definition of accredited investor established by LED.
- The investment in the Louisiana Entrepreneurial Business by the applicant must be maintained for three years unless otherwise approved by LED.

A Louisiana Entrepreneurial Business must meet the following requirements:

- The principal business operations of the business are located in Louisiana.
- Before the investment by the taxpayer, the business has received approval as qualified to receive angel investor tax credits by LED.
- The Louisiana Entrepreneurial Business must demonstrate that it will be a wealth-creating business for Louisiana by demonstrating in its business plan that it will have more than 50% of its sales from outside Louisiana.
- The business is not a business engaged primarily in retail sales, real estate, professional services, gaming or gambling, natural resource extraction or exploration, or financial services including venture capital funds.

Tax credit qualifications:

- Credits are issued on a first-come, first-served system.
- Credit is equal to up to 25% of investment and the credit is divided equally over two or three years.
- Credit is useable in the income tax year that occurs 24 months from certification.
- The investment in the Louisiana Entrepreneurial Business may not exceed \$720,000 per year per business and \$1.44 million total per business.
- The credit will be allowed against the income tax for the taxable period in which the credit is earned and the franchise tax for the taxable period following the period in which the credit is earned.
- The total angel investor tax credits granted by LED in any calendar year may not exceed \$3.6 million.

10. Angel Investor Tax Credit Program (continued)

- There is an enhanced credit equal to 35% of the investment amount made in a Louisiana Entrepreneurial Business located in federal opportunity zones and an additional \$3.6 million in cap for the enhanced credit applicants only.

Transferability of the Credit

Any credits allocated to a taxpayer and not previously claimed by any taxpayer against its tax may be transferred or sold to another taxpayer, subject to the following conditions:

- A single transfer or sale may involve one or more transferees.
- Transferors and transferees must submit notification of any transfer or sale of tax credits to LED and LDR within 30 days after the transfer or sale of the tax credits.
- Failure to comply with the transfer requirements will result in the disallowance of the tax credit until the taxpayers are in full compliance.
- The credit transfer or sale does not extend the time in which the credit can be used.

Application of Tax Credits

- All entities taxed as corporations for state tax purposes must claim credit on their corporation income and franchise tax return.
- Individuals must claim credit on their individual income tax return.
- Estates or trusts must claim credit on their fiduciary income tax returns.
- Entities not taxed as corporations must claim credit on the partner's tax returns.
- Tax credits will expire beginning with the 11th tax year after the tax year in which the credit was originally granted.

Legal Citation

R.S. 47:6020

Origin

Acts 2005, No.400, amended by Acts 2007, No. 445; Acts 2011, No. 414; Acts 2015, No. 125; Acts 2016, 1st Ex. Sess., No. 29; Acts 2017, No. 323, 345, and 400; Acts 2020 1st Ex. Sess., No. 22; Acts 2023, No. 253; Acts 2024, 3rd Ex. Sess., No. 11; Acts 2025, No. 515

Effective Date

Taxable periods beginning on or after January 1, 2005

Tax Incentives and Exemption Contracts

10. Angel Investor Tax Credit Program (continued)

Sunset Date

No new reservations after June 30, 2026

Beneficiaries

Qualifying third-party investors in early-stage wealth-creating businesses in the state and the people of the state because of the additional quality jobs available

Fiscal Effect

An analysis of the types of credits for FYE 6-25 is as follows:

Fiscal Effect		
	FYE 6-25	% of Total
Individual Income Tax	\$1,787,520	77.56%
Fiduciary Income Tax	\$74,761	3.24%
Corp. Income Tax	\$442,581	19.20%
Corp. Franchise Tax	\$0	0.00%
Total	\$2,304,862	100.00%

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 may not reflect all tax reform changes due to insufficient data currently available to fully assess their impact.

FYE 6-26	FYE 6-27
\$1,420,000	\$1,392,000

11. Musical & Theatrical Productions Tax Credit

The purpose of this tax credit is to position and promote Louisiana as a leading location in the United States for live performances, supporting everything from the creation to the presentation of these productions. For state-certified productions that meet specific criteria, the program offers a tax credit for qualified production expenditures, with additional credits available to cover eligible payroll costs.

Limitation on Tax Credit:

The tax credit cannot exceed the total base investment made in the production. The total amount of tax credits that Louisiana Economic Development (LED) can grant in any fiscal year is capped at \$10 million, with half of that amount specifically reserved for productions by nonprofit organizations.

Credits are awarded on a first-come, first-served basis. If the total amount of credits requested exceeds the \$10 million annual cap, the excess applications will be carried over and treated as if they were submitted on the first day of the following fiscal year.

Application of Jobs Tax Credits

- Individuals must claim credit on their individual income tax return.
- Estates or trusts must claim credit on their fiduciary income tax returns.
- Entities taxed as corporations will claim credit on their corporation income and franchise tax return.
- Entities not taxed as corporations will claim the credit on the returns of the partners or members.

Transferability of the Credit

- A company or financier may, on a one-time basis, transfer the credit or any refund of an overpayment to an individual or other entity including without limitation a bank or other lender, provided that the transfer shall not be effective until receipt by the Department of Revenue of written notice of such transfer. Transferors and transferees shall submit to the Department of Revenue, in writing, a notification of any transfer of the tax credit within ten business days after the transfer. The credit shall be allowed for the taxable period in which expenditures eligible for a credit are expended.

Legal Citation

R.S. 47:6034

Origin

Acts 2007, No. 482, amended by Acts 2009, Nos. 448 and 465; Acts 2013, Nos. 197 and 418; Acts 2015, Nos. 125, 357, 361, and 412; Acts 2017, Nos. 396 and 400

Tax Incentives and Exemption Contracts

11. Musical & Theatrical Productions Tax Credit *(continued)*

Effective Date

Expenditures incurred on or after July 19, 2007

Sunset Date

No new applications accepted after June 30, 2025

Beneficiaries

Musical or theatrical productions or musical or theatrical facility infrastructure projects

Fiscal Effect

During FYE 2024-2025, \$2,143,446 in corporation income tax credits were claimed

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$5,616,000	\$5,504,000

12. Retention and Modernization Credit

The purpose of the retention and modernization credit is to encourage businesses to stay in Louisiana rather than relocate to another state, and to support the modernization and improvement of their current operations within the state.

Tax Credit

The retention and modernization tax credit allows a business to receive up to 5% of its qualified modernization expenses as a tax credit. This credit is split into equal parts and claimed over five years. It can be used to reduce individual income tax, corporate income tax, or franchise tax. The credit expires and becomes unusable beginning in the eleventh tax year after it was first granted.

Qualifications

To qualify for the retention and modernization tax credit, the employer must be a manufacturer whose primary function falls under specific NAICS codes: 113310, 211, 213111, 541360, 311-339, 511-512, or 54171.

"Modernization" refers to a capital investment in technology, machinery, buildings, or equipment that meets at least one of the following criteria:

- (1) It increases the facility's maximum capacity or efficiency by more than 10%, or
- (2) It is an approved investment from a company with operations in multiple states that has a formal capital project program.

A qualifying project includes the design, development, installation, and construction of technology, machinery, buildings, or equipment that modernizes the employer's product line, unit, or entire operations, and must involve a minimum investment of \$5 million. Projects placed in service before July 1, 2011, are not eligible for the credit.

Application of Credits

- Individuals must claim credit on their individual income tax return.
- Estates or trusts must claim credit on their fiduciary income tax returns.
- Entities taxed as corporations will claim credit on their corporation income and franchise tax return.
- Entities not taxed as corporations will claim the credit on the returns of the partners or members.

Ineligible Participants

- Retail employers as identified by the NAICS code sections 44 and 45.
- Business associations and professional organizations as defined in NAICS code 8139.
- State and local government enterprises.
- Real estate agents, operators, and lessors.

Tax Incentives and Exemption Contracts

12. Retention and Modernization Credit (continued)

- Automotive rental and leasing.
- Local solid waste disposal, local sewage systems, and local water systems businesses.
- Nonprofit organizations.
- Employers engaged in the gaming industry as identified by the NAICS code sections 713210 and 721120.
- Attorneys.
- An employer who has defaulted on or not repaid any loan or other obligation involving public funds or an employer who has declared bankruptcy under which an obligation of the employer to pay or repay public funds or monies was discharged as part of such bankruptcy.
- An employer who is in default on any filing or payment with or to the state or any of its agencies or political subdivisions and in which an assessment or judgment that is final and non-appealable has been rendered, and remains outstanding, in favor of the state, or any of its agencies, or political subdivisions.

Credit Limitations

The total amount of modernization tax credits granted by the LED in any calendar year cannot exceed \$7.2 million.

Legal Citation

R.S. 51:2399.1 through 2399.6

Origin

Acts 2009, No. 447, amended by Acts 2015, No. 125; Acts 2017, No. 400; Acts 2024, 3rd Ex. Sess., No. 11

Effective Date

Expenses incurred on or after August 15, 2009

Sunset Date

No new applications accepted after June 30, 2025

Beneficiaries

Owners and employees of businesses needing modernization

Fiscal Effect

An analysis of the types of credits for FYE 6-25 is as follows:

Fiscal Effect		
	FYE 6-25	% of Total
Corp. Income Tax	\$0	0.00%
Corp. Franchise Tax	\$5,640,478	100.00%
Total	\$5,640,478	100.00%

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$6,000,000	\$3,000,000

13. Louisiana Quality Jobs Program

The Quality Jobs Program is designed to encourage businesses to establish or expand their operations in Louisiana by providing incentives for creating quality jobs. The program specifically targets businesses involved in industries that align with Louisiana's Vision 2020 plan, focusing on both traditional and seed cluster industries.

Eligibility

To qualify a business must be in one of the following six industries:

1. Biotechnology, Biomedical, and Medical Industries serving rural hospitals
2. Micro-manufacturing
3. Software, Internet, and Telecommunications
4. Clean Energy Technology
5. Food Technology
6. Advanced Materials;
7. Or be any of the following:
 - a. A manufacturer with certain NAICS Codes.
 - b. An oil and gas field service business and pay at least \$30,000 annually for each new direct job created and business located in Louisiana is the national or regional headquarters of a multi-state business including Louisiana and the Gulf of Mexico.
 - c. A business that must or will have sales of at least 50% of its total annual sales to out-of-state customers or buyers, and/or to in-state customers or buyers if the product or service is resold by the purchaser to an out-of-state customer or buyer for ultimate use, or to the federal government.
 - d. The employer is located in a parish which is within the lowest 25% of parishes based on per capita income.
 - e. The employer is the corporate headquarters of a multi-state business.
 - f. The employer is a business that spends 50% or more of its time performing services for its out-of-state parent company.
 - g. The employer is in the business of maintenance, repair, and overhaul operations for commercial transport aircraft.

Tax Incentives and Exemption Contracts

13. Louisiana Quality Jobs Program (continued)

- h. A COVID-19 impacted retail business with a NAICS code beginning with 44, 45, 721 and 722 and has 50 or fewer employees nationwide including affiliates. The advance notification must be filed on or after July 1, 2020, and on or before December 31, 2021. These businesses are not eligible to earn benefits after June 30, 2023.

Job Requirements

To qualify for the Quality Jobs Program, an employer must create a minimum number of new direct, full-time jobs—defined as positions requiring at least 30 hours of work per week. Employers with 50 or fewer employees must create at least 5 new jobs, while employers with more than 50 employees must create at least 15 new jobs.

The employer must also provide a basic health benefit plan to these employees. This plan must include coverage for basic hospital care, physician services, and general healthcare, and must be equivalent to what is offered to the company's executive, administrative, or professional employees. Coverage must begin no later than the first day of the month following 90 days from the employee's hire date.

The employer's contribution toward the health plan must meet federally mandated healthcare requirements. If no federal requirements apply, the employer must contribute at least \$1.25 per hour toward the plan. For companies that are not self-insured, the value is based on the actual cost of individual coverage. For self-insured companies, Louisiana Economic Development (LED) will determine the value. Basic health care benefits do not include dental, vision, or life insurance.

Minimum Wage and Health Care Requirements

New direct jobs must pay at least \$18.00 per hour.

The minimum annual payroll requirement depends on the size of the employer. If the employer had 50 or fewer employees statewide before the contract started, they must create at least 5 new direct jobs with a total annual payroll of at least \$225,000. If the employer had more than 50 employees statewide before the contract started, they must create at least 15 new direct jobs with a total annual payroll of at least \$675,000.

If, by the employer's third fiscal year, the verified annual payroll does not show at least five new direct jobs and does not reach either \$675,000 or \$225,000 in total payroll for those jobs (depending on which amount applies), then the employer will be considered ineligible for the program.

13. Louisiana Quality Jobs Program (continued)

Payroll Benefit

The benefit rate an employer can receive depends on the wages and health care benefits provided for new direct jobs:

- 4% benefit rate applies to jobs that pay at least \$18.00 per hour and include health care benefits.
- 6% benefit rate applies to jobs that pay at least \$21.66 per hour and include health care benefits.
- The value of the health care benefits is based on the plan chosen by the employee, as determined by Louisiana Economic Development (LED).

Sales Tax Rebate

- State sales/use tax rebate on materials for new infrastructure, machinery, and equipment purchased during the construction period and used exclusively on site.
- A portion of the local sales/use tax may be rebated with an Endorsement Resolution from the local governing authority received before the application is approved.
- Local sales tax dedicated to schools or bond indebtedness is not eligible for rebate.

Project Facility Expense Rebate

- Effective July 10, 2007, taxpayers are given the option between the sales and use tax rebate and a project facility expense rebate equal to 1.5% of qualified expenditures
- Qualified expenditures are defined as amounts classified as capital expenditures for federal income tax purposes plus exclusions from capitalization provided for in Internal Revenue Code Section 263(a)(1)(A) through (L), minus the capitalized cost of land, capitalized leases of land, capitalized interest, capitalized costs of manufacturing machinery and equipment to the extent the capitalized manufacturing machinery and equipment costs are excluded from sales and use tax pursuant to R.S. 47:301(3), and the capitalized cost for the purchase of an existing building

Legal Citation

R.S. 51:2451 et seq.

Regulations

LAC 13:I.1101 et seq.

Origin

Acts 1995, No. 1238, amended by Acts 1996, 1st Ex. Sess., No. 39; Acts 2000, No. 46; Acts 2002, 1st Ex. Sess., No. 110 and 153; Acts 2003, No. 47, 847, and 1240; Acts 2004, No. 13, 699, and 899; Acts 2005, No. 326; Acts 2007, No. 387 and 400; Acts 2011, No. 353

Tax Incentives and Exemption Contracts

13. Louisiana Quality Jobs Program (continued)

Effective Date

Expenditures incurred on or after July 1, 1995

Sunset Date

No new advance notifications accepted after June 30, 2025

Beneficiaries

Those establishments that meet the statutory requirements and that create new direct jobs in the state as well as Louisiana citizens who benefit from new employment, production and income opportunities

Fiscal Effect

An analysis of the type of rebates and credits for FYE 6-25 is as follows:

Fiscal Effect		
	FYE 6-25	% of Total
Sales Tax Rebates	\$5,512,715	7.07%
Jobs Credit	\$43,079,280	55.21%
Project Facility Expense Rebate	\$29,431,007	37.72%
Total	\$78,023,002	100.00%

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$113,501,000	\$111,231,000

14. Procurement Processing Company Rebate Program

The secretary of LED is authorized to enter into contracts with procurement processing companies to recruit to Louisiana, purchasing companies that generate sales of items subject to states sales/use taxes These contracts provide a rebate to these procurement processing companies which are derived from a portion of the state sales and use taxes collected on new taxable sales by the purchasing company which is managed by the procurement processing company under contract with LED The initial term of the contract cannot exceed twenty years and can be renewed for up to an additional twenty years

1. The state sales tax revenues generated as a result of the activities of these purchasing companies are to be disbursed in the following order of priority: The payment of rebates to procurement processing companies in accordance with the provisions of their contract;
2. Reimbursement of administrative expenses to LDR; and
3. The remaining balance, up to thirty million dollars, to the Unfunded Accrued Liability and Specialized Educational Institutions Support Fund-Specialized Educational Institutions Account, as established under R.S. 39:100.126

Legal Citation

R.S. 47:6351

Origin

Acts 2012, No. 800, amended by Acts 2018, No. 612

Effective Date

For expenses incurred on or after July 1, 2012

Beneficiaries

Procurement processing companies

Fiscal Effect

During FYE 6-25, \$94,041,228 in sales tax rebates were issued.

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$95,922,000	\$97,840,000

Telecommunication Tax for the Deaf Exemptions

Telecommunication Tax for the Deaf

{ Introduction }

Act 660 of the 1988 Regular Session imposed a tax of five cents per month on each residential and business telephone access line of local exchange companies operating in Louisiana. The purpose of the tax is to provide access to public telecommunication services for persons who are deaf, deaf and blind, hard of hearing, speech impaired, or have similar disabilities or impairments. The tax is collected monthly from customers and remitted quarterly by each telecommunication service company. The proceeds are deposited into a special fund designated as the Telecommunications for the Deaf Fund.

Act 273 of the 2017 Regular Session reduced the tax to four and one-half cents per month and expanded the tax base to include each telephone number associated with a wireless handset for each residential and business customer of a wireless telecommunication service company operating in Louisiana, effective October 1, 2017. The Act also increased the credit telecommunication service companies receive for timely filing returns and remitting payments from 2% to 3%.

Legal Citation

R.S. 47:1061

Tax Base

Use of each residential and business customer telephone access line, as well as the telephone number for each wireless handset associated with residential and business customers.

Tax Rate

5¢ per month per line (effective through September 30, 2017)

4.5¢ per month per line (effective October 1, 2017, through March 25, 2018)

5¢ per month per line (effective March 26, 2018, to present)

Type of Tax Exemption

Telecommunication taxes for the deaf include both credits and exemptions. A credit is generally defined as an amount that is subtracted from a tax liability. An exemption applies to items that are included in the tax base but are specifically exempted by statute. There is also an exemption based on federal prohibitions.

Significant Changes

There were no changes to the telecommunication tax for the deaf laws during the past year.

Telecommunication Tax for the Deaf

Index of Exemptions

{ CREDIT }

1. Timely Payment 302
R.S. 47:1061(A)(2)

{ EXEMPTIONS }

2. Prepaid Wireless Devices and Wireless Devices Used for Data Only 302
R.S. 47:1061(A)(1)

3. Sales to the Federal Government and Its Agencies 303
No specific statute

Telecommunication Tax for the Deaf

{ Credit }

1. Timely Payment

A credit of 3% of the tax collected is allowed for the timely remittance of the taxes due. The purpose of this credit is to encourage compliance and to compensate companies for expenses associated with collecting and remitting the tax. Prior to October 1, 2017, the credit was 2%.

Legal Citation

R.S. 47:1061(A)(2)

Origin

Acts 1988, No. 660, amended by Acts 2017, No. 273

Effective Date

Taxable periods beginning on or after September 1, 1988

Beneficiaries

The local or wireless telecommunication service companies operating in Louisiana that accurately and timely report and remit the taxes due

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$83,000	\$84,000

{ Exemptions }

2. Prepaid Wireless Devices and Wireless Devices Used for Data Only

Telephone numbers assigned to prepaid wireless devices, as well as those used exclusively for data purposes, are exempt from this tax.

Legal Citation

R.S. 47:1061(A)(1)

Origin

Acts 2017, No. 273

Effective Date

Taxable periods beginning on or after October 1, 2017

Beneficiaries

Wireless telecommunications service companies that provide telephone numbers for prepaid wireless devices or for wireless devices used for data purposes

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$42,000	\$14,000

Telecommunication Tax for the Deaf

{ Exemptions }

3. Sales to the Federal Government and Its Agencies

Sales of telephone access lines to the U.S. Government or any of its agencies are exempt from this tax. The purpose of this exemption is to comply with the taxation prohibitions set forth in the U.S. Constitution.

Legal Citation

No specific statute

Origin

U.S. Constitution

Effective Date

Taxable periods beginning on or after September 1, 1988

Beneficiaries

U.S. government and its agencies

Estimated Fiscal Effect

The estimated revenue loss for FYE 6-26 and FYE 6-27 is \$0.

Tobacco Tax Exemptions

Tobacco Tax

{ Introduction }

A tobacco tax was first imposed in 1926 by Act 197 for the benefit of public schools. Retail dealers were taxed at a rate of 1¢ per 10¢ of the retail selling price on cigarettes, smoking and chewing tobacco, cigars, cheroots, and snuff. The tax was effective October 1, 1926, for a period of four years.

Act 4 of the 1932 Regular Session levied a new tax on sales of cigars, cigarettes and smoking tobacco, effective September 1, 1932. The cigarette tax was based on the number of cigarettes sold. Cigars were taxed by weight and price per 1,000 units, with rates ranging from 75¢ to \$13.50 per 1,000. Smoking tobacco was taxed at 1¢ for each 5¢ of the retail selling price. The tax was evidenced by tax stamps supplied by the state and affixed by tobacco dealers, who were allowed a discount when purchasing stamps in amounts of \$100 or more in face value.

The tax rates on cigarettes increased over the years as follows:

1932 *Levied at 1/5¢ per cigarette to 4¢ per 20 pack*
1942 *Increased by 1/20¢ per cigarette to 5¢ per 20 pack*
1948 *Increased to 2/5¢ per cigarette or 8¢ per 20 pack*
1970 *Increased to 11/20¢ per cigarette or 11¢ per 20 pack*
1984 *Increased to 16/20¢ per cigarette or 16¢ per 20 pack*
1990 *Increased to 1¢ per cigarette or 20¢ per 20 pack*
2000 *Increased by 4/20¢ per cigarette to 24¢ per 20 pack*
2002 *Increased by 12/20¢ per cigarette to 36¢ per 20 pack*
2015 *Increased by 50/20¢ per cigarette to 86¢ per 20 pack*
2016 *Increased by 22/20¢ per cigarette to \$1.08 per 20 pack*

The tax increase of 4/20 of 1 cent per cigarette enacted in 2000 expired on June 30, 2012. However, an amendment to the Constitution, approved by voters on October 22, 2011, effectively restored this expiring tax, establishing a rate of 4/20 of 1 cent per cigarette in the Louisiana Constitution.

The tax rates on cigars and smoking tobacco were adjusted in 1942 and 1948 and were ultimately set at the current rates by Act 413, effective January 1, 1975. A tax on smokeless tobacco was imposed effective July 1, 2000.

The discount from the face value of the tax stamp also changed over time; from the original 10% in 1932, to 6% in 1942; 7% in 1944; 9% in 1948; 6% in 1972; and 5% in 2016.

The tobacco tax is currently levied on tobacco and vapor products and is collected from the dealer who first sells, uses, consumes, handles, or distributes the products within the state. Tax stamps indicate the payment of tax on cigarettes and may only be purchased from the Department by wholesale tobacco dealers who are required to post a bond.

Legal Citations

R.S. 47:841 through 47:869

Tax Base

Cigarettes - per cigarette

Vapor Products - per milliliter

Cigars and other tobacco products - manufacturer's invoice price

Tax Rate

- Cigarettes – 5.4¢ per cigarette (\$1.08 per standard package of 20)
- Cigars
 - 8% if manufacturer's invoice price is \$120 per 1,000 or less;
 - 20 % if manufacturer's invoice price is \$121 - \$2,449 per 1,000;
 - 20% if manufacturer's invoice price is \$2,500 or more per \$1,000 through December 31, 2025; \$0.50 per cigar from January 1, 2026 through December 31, 2027; 20% beginning January 1, 2028

Tobacco Tax

{ Introduction }

- Smoking tobacco – 33% of the manufacturer’s invoice price
- Smokeless tobacco – 20% of the manufacturer’s invoice price
- Vapor Products – 15 cents per milliliter of consumable nicotine liquid solution

Types of Tax Exemptions

Tobacco tax exemptions take the form of discounts, exemptions, and refunds. Discounts represent a proportionate deduction from the gross amount reported. Exemptions apply to items that are included in the tax base but are specifically exempted by statute. Refunds provide restitution for taxes that have been paid.

There are three tax exemptions that are also prohibited from taxation under federal laws. Because of these additional prohibitions exist, repealing the exemption alone would not produce the anticipated fiscal effect. For this reason, these exemptions have been separately grouped at the end of the section.

Significant Changes

2025 Regular Session

Act 266

Act 266 of the 2025 Regular Session revised the tobacco excise tax levied on cigars that are invoiced by the manufacturer at or above \$2,500 per thousand from 20% 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 20% of the invoice price. The tax imposed on cigars invoiced at \$120 per thousand or less remains unchanged at 8% of invoice price, and the tax on cigars invoiced at \$121 - \$2,499 per thousand will remain 20% of the invoice price.

Tobacco Tax

Index of Exemptions

{ DISCOUNTS }

- 1. **Tobacco Stamps** **308**
R.S. 47:843(B) and (C)(3)
- 2. **Timely Filing and Payment** **308**
R.S. 47:851(B)(4)(b)

{ EXEMPTION }

- 3. **Sales to State Institutions** **309**
R.S. 47:855(A)

{ REFUNDS }

- 4. **Return of Taxable Cigarettes to the Manufacturer** **309**
R.S. 47:857
- 5. **Return of Taxable Product to the Manufacturer** **310**
R.S. 47:857
- 6. **Return of Taxable Vapor Product by Retail Dealer to the Manufacturer** **310**
R.S. 47:857

{ FEDERALLY IMPOSED EXEMPTIONS }

- 7. **Sales to the Federal Government and Its Agencies** **311**
No specific statute
- 8. **Interstate Shipments of Cigarettes** **311**
R.S. 47:849
- 9. **Interstate Shipments of Tobacco Products** **312**
R.S. 47:849

Tobacco Tax

{ Discounts }

1. Tobacco Stamps

Registered Louisiana tobacco dealers receive a 5% discount on cigarette tax stamps when their total purchases exceed \$100. Out-of-state wholesale tobacco dealers that maintain direct purchasing contracts with a manufacturer and supply a network of retail dealers in Louisiana are likewise eligible for a 5% discount on cigarette tax stamps.

This discount serves as a volume incentive and compensates dealers for tax collection costs.

Legal Citation

R.S. 47:843(B) and (C)(3)

Origin

Acts 1932, No. 4, amended by Acts 2016, 1st Ex. Sess., No. 5

Effective Date

Taxable periods beginning on or after September 1, 1932

Beneficiaries

Bonded Louisiana tobacco dealers with direct manufacturer contracts who purchase \$100 or more in tax stamps

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$8,770,000	\$8,068,000

2. Timely Filing and Payment

A 5% discount is allowed to Louisiana tobacco dealers with direct manufacturer contracts who timely and accurately report purchases, provided that payment of taxes on cigars, vapor products, and other tobacco products is included. The discount encourages compliance and offsets reporting and collection costs.

Legal Citation

R.S. 47:851(B)(4)(b)

Origin

Acts 1974, No. 415, amended by Acts 2016, 1st Ex. Sess., No. 5

Effective Date

Taxable periods beginning on or after January 1, 1975

Beneficiaries

Registered Louisiana tobacco dealers with direct manufacturer contracts who file their tax reports timely and accurately

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$3,503,000	\$3,223,000

Tobacco Tax

{ Exemption }

3. Sales to State Institutions

Smoking and chewing tobacco purchased by state institutions for distribution to inmates are exempt from tobacco tax. This allows tax-free purchases of such products for inmate use.

Legal Citation

R.S. 47:855(A)

Origin

Acts 1944, No. 150

Effective Date

Taxable periods beginning on or after July 1944

Beneficiaries

Inmates of Louisiana state institutions

Estimated Fiscal Effect

The Department is unable to estimate the fiscal effect, there is no reporting requirement for this data.

{ Refunds }

4. Return of Taxable Cigarettes to the Manufacturer

A refund or credit is allowed taxes paid on cigarettes that are destroyed or returned to a manufacturer as damaged or unfit for sale. The purpose of this provision is to allow the refund of taxes paid on damaged products which are either destroyed or returned to the manufacturer.

Legal Citation

R.S. 47:857

Origin

Acts 1932, No. 4

Effective Date

Taxable periods beginning on or after September 1, 1932

Beneficiaries

Licensed tobacco dealers

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$178,000	\$178,000

Tobacco Tax

{ Refunds }

5. Return of Taxable Product to the Manufacturer

A refund or credit is allowed for taxes paid on cigars and other tobacco products that are destroyed or returned to a manufacturer as damaged or unfit for sale. The purpose of this provision is to allow the refund of taxes paid on damaged products which are either destroyed or returned to the manufacturer.

Legal Citation

R.S. 47:857

Origin

Acts 1932, No. 4

Effective Date

Taxable periods beginning on or after September 1, 1932

Beneficiaries

Licensed tobacco dealers

Estimated Fiscal Effect

The estimated fiscal effect of this refund is included in the Five-Year Revenue Loss chart in the row labeled "Other Exemptions".

6. Return of Taxable Vapor Product by Retail Dealer to the Manufacturer

A refund or credit is allowed for the tax paid on consumable vapor products destroyed or returned to the manufacturer as damaged or unfit for sale. The purpose of this provision is to allow the refund of taxes paid on damaged products destroyed or returned to the manufacturer.

Legal Citation

R.S. 47:857

Origin

Acts 2015, No. 94

Effective Date

Taxable periods beginning on or after August 1, 2015

Beneficiaries

Licensed tobacco retail dealers

Estimated Fiscal Effect

The estimated revenue loss is \$0 for FYE 6-26 and FYE 6-27.

Tobacco Tax

{ Federally Imposed Exemptions }

7. Sales to the Federal Government and Its Agencies

Tobacco products sold directly from the manufacturer to the U.S. government or its agencies are exempt from tobacco taxes. The purpose of this exemption is to comply with taxation prohibitions of the U.S. Constitution.

Legal Citation

No specific statute

Origin

U.S. Constitution

Effective Date

Taxable periods beginning on or after September 1, 1932

Beneficiaries

U.S. government agencies

Estimated Fiscal Effect

The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled "Other Exemptions".

8. Interstate Shipments of Cigarettes

Cigarettes exported outside Louisiana are exempt from tobacco taxes. The purpose of this exemption is to comply with taxation prohibitions of the U.S. Constitution.

Legal Citation

R.S. 47:849

Origin

Acts 1932, No. 4

Effective Date

Taxable periods beginning on or after September 1, 1932

Beneficiaries

Licensed tobacco dealers engaged in interstate commerce

Estimated Fiscal Effect

FYE 6-26	FYE 6-27
\$45,640,000	\$39,707,000

Tobacco Tax

{ Federally Imposed Exemptions }

9. Interstate Shipments of Tobacco Products

Cigars and other tobacco products exported outside Louisiana are exempt from tobacco taxes. The purpose of this exemption is to comply with taxation prohibitions of the U.S. Constitution.

Legal Citation

R.S. 47:849

Origin

Acts 1932, No. 4

Effective Date

Taxable periods beginning on or after September 1, 1932

Beneficiaries

Licensed tobacco dealers engaged in interstate commerce

Estimated Fiscal Effect

The estimated fiscal effect of this exemption is included in the Five-Year Revenue Loss chart in the row labeled "Other Exemptions".



Appendix

Part 9

Revised Statute 47:1517 - Tax Exemption Budget

Revised Statute 47:1517. Tax Exemption Budget

- A. No later than the first day of March the secretary of the Department of Revenue shall prepare and submit to the governor and the legislature a tax exemption budget in the manner set forth in this Section.
- B. (1) The annual tax exemption budget shall be published on the LaTrac website, or any subsequent database that may replace the LaTrac system, and shall include the following:
- (a) Each tax exemption, its statutory citation, and its purpose.
 - (b) The revenue loss to the state caused by each tax exemption for the three preceding years, the estimated revenue loss to the state caused by each tax exemption for the current fiscal year, and the estimated revenue loss to the state caused by each tax exemption for the ensuing fiscal year.
 - (c) The estimated cost of administering and implementing each tax exemption for the three preceding fiscal years, the current fiscal year, and the ensuing fiscal year.
 - (d) The tax exemption budget shall also include the following:
 - (i) The number of businesses which receive each tax exemption, credit, exclusion, refund, preferential tax rate, deferred tax liability, or rebate, hereinafter referred to in this Subsection as the exemption.
 - (ii) The parish or location of each business which receives a tax exemption; provided, that if fewer than ten businesses receive a particular tax exemption, the tax exemption budget may group such tax exemption with another tax exemption which also has fewer than ten businesses receiving it.
 - (iii) The information shall be displayed in a manner that identifies:
 - (aa) The industry group by North American Industry Classification System sector.
 - (bb) The number of taxpayers by industry.
 - (cc) The total tax burden by industry group by individual tax before the exemption.
 - (dd) The total value to each industry group for each exemption.
 - (ee) The total tax value by each industry group by individual tax of the tax collections after the exemption.
 - (e) The items contained in Subparagraph (d) of this Paragraph shall be published to the extent that the information is available to the department, on a schedule to be determined by the secretary of the department, beginning with the incentive expenditures, and fully implemented by the date of publication of the Fiscal Year 2018-2019 tax exemption budget on or before March 1, 2020. The secretary shall ensure that the publication shall not include confidential information.
- (2) The tax exemptions in the annual tax exemption budget shall also be organized in an additional opening schedule as follows:
- (a) Agricultural/Rural: a tax exemption that pertains to a business or person being located in a rural area; or, engaging in an agricultural trade/business.
 - (b) Business Environment: a tax exemption that encourages competitiveness with other states by impacting the tax burden of business entities that engage in specific activities that include holding or maintaining inventory or property in the state, using or deriving benefit from water, electric power, energy or any other utility type resources, or buying, leasing, renting or selling machines or equipment used for the production, modification, creation or facilitation of tangible personal property in the state, or using consumables in the manufacturing process that does not become a part of the final product, including the following:
 - (i) Inventory Tax Ad Valorem.
 - (ii) Business Utilities Sales Tax.
 - (iii) Manufacturing Machinery and Equipment.
 - (iv) Direct Inputs and Consumables.
 - (c) Corporate Income Tax Formula: a tax exemption that is unique or specific to Louisiana and relates to assisting, guiding or aiding a business entity in determining the amount of its income for Louisiana tax purposes.

Revised Statute 47:1517 - Tax Exemption Budget

- (d) Dealers and Vendors Compensation and Discounts: a tax exemption that encourages either the timely filing of a return, report, form or document or the timely payment of a tax, fee or other amount due.
 - (e) Educational Breaks for Educational Institutions: a tax exemption that pertains to an entity that engages in a specified activity that provides or facilitates the act of learning, or, an entity or institution who provides or facilitates learning.
 - (f) Educational Breaks for Individuals: a tax exemption that pertains to an individual who engages in a specified activity that is beneficial to, or provides or facilitates the act of learning.
 - (g) Incentives: a tax exemption that encourages a particular or specified economic activity by modifying the tax burden of the economic activity or behavior that is taking place. Categories of incentives include those, that spur the hiring of employees by business, or that are administered by and through a contract with the department of:
 - (i) Economic Development.
 - (ii) Culture, Recreation & Tourism.
 - (iii) Environmental Quality.
 - (iv) Revenue, including those for Severance Tax (that is not a part of the normal taxing scheme of other states).
 - (h) Louisiana Constitutional Mandates: a tax exemption outlined in the state constitution that modifies the tax burden.
 - (i) Non-Itemized Sales and Use Tax Exclusions and Exemptions: a sales tax exemption that is not individually itemized on a Louisiana sales tax return before March 2016 and is therefore not assigned a value in the Tax Exemption Budget.
 - (j) Normal Tax Structure: an exemption that is commonly used or implemented in other states; enacted to prevent double taxation; or used to prevent the taxation of direct business inputs. The exemption could be mandated by the federal government, the state to ensure a foreign, tribal, local, municipality or state entity addresses taxes owed to the state, the federal or state government to ensure the protections of commerce across state lines, the state government to determine the taxability of businesses when it incurs losses, or the state government on activities that sever the state's natural resources in a manner that is not unique to Louisiana and widely accepted policy among oil producing states, including the following:
 - (i) Federal Mandatory.
 - (ii) Intergovernment.
 - (iii) Interstate Commerce.
 - (iv) Net Operating Loss.
 - (v) Normal Severance.
 - (k) Personal Income Tax Formula: a tax exemption that assists, guides, or aids an individual in determining Louisiana tax table income after determining Louisiana adjusted gross income.
 - (l) Retirement, Disability, and Military: a tax exemption that modifies the tax owed by individuals who receive money, including but not limited to wages and interest as a result of this special status or position in life that is recognized by statute.
 - (m) Specialty Sales Tax Exemptions, including the following:
 - (i) Sales tax holidays.
 - (ii) Purchase of a specific item.
 - (iii) Purchase made by a specific taxpayer.
 - (iv) Activities of a specific group or organization.
 - (n) Specialty Income Tax Exemptions, including the following:
 - (i) Performance of a specific activity.
 - (ii) Purchase of a specific item.
 - (iii) Purchase made by a specific taxpayer.
- (3) No statute, provision, exemption, exclusion, refundable or nonrefundable credit, rebate or deduction listed in the categories outlined above shall be listed in more than one category without a specific notation of doing such.
- (4) The secretary may add additional categories to the additional opening schedule as deemed appropriate and necessary.

Revised Statute 47:1517 - Tax Exemption Budget

C. The annual tax exemption budget shall also include an assessment of each tax exemption based on the following criteria:

- (1) Whether or not each tax exemption has been successful in meeting the purpose for which it was enacted, in particular, whether each tax exemption benefits those originally intended to be benefited, and if not, those who do benefit.
- (2) Whether each tax exemption is the most fiscally effective means of achieving its purpose.
- (3) Unintended or inadvertent effects, benefits, or harm caused by each tax exemption, including whether each tax exemption conflicts with other state laws or regulations.
- (4) Whether each tax exemption simplifies or complicates the state tax statutes.

D. The Department of Revenue is authorized to request from any state or local agency or official any information necessary to complete the budget required by this Section. Any such official shall comply with this request.

E. "Tax exemptions" means those revenue losses attributable to provisions of the state tax statutes or rules promulgated pursuant to such statutes, which allow a special exclusion, exemption, or deduction from gross income or sales or which provide a special credit, a preferential rate of tax, or a deferral of tax liability.

F. The House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs, hereinafter referred to as "committees", shall conduct hearings on the tax exemption budget every odd-numbered year, to be concluded thirty days before the beginning of the regular session of the Louisiana Legislature. The committees shall analyze and consider tax exemptions which have caused revenue loss to the state of ten million dollars or more in any one of the last three fiscal years. From time to time, the committees may report to the legislature findings or recommendations developed as a result of the hearings.

Acts 1989, No. 836, §2, eff. July 1, 1989; Acts 1997, No. 658, §2; Acts 2011, No. 365, §1; Acts 2016, No. 592, §1, eff. July 1, 2016; Acts 2018, No. 667, §2, effective August 1, 2018.



Glossary

Part 10

Glossary

Actual tax collections – amount of tax revenue received and available for appropriation

Beneficiary – any person or entity who gains an advantage and/or profits from a tax exemption

Corporation income tax – a tax paid by all corporations or entities taxed as corporations for federal income tax purposes on income earned in Louisiana

Credit – an amount that is subtracted from a tax liability

Deduction – an amount which the taxpayer is allowed to subtract when computing the taxable base

Deferred tax liability – the legal authorization to delay the obligation to pay a tax to a future period

Discount – a proportionate deduction from the gross amount reported

Effective date – the date upon which a statute is considered to take effect, which may be a past, present or future date

Estimated fiscal effect – the future estimated revenue loss to the state caused by each tax exemption

Exemption/Exclusion – the statutory elimination of certain items or transactions from the tax base. An exemption is a mechanism that prevents taxation on an item or class of items that would normally be taxed under the law. An exclusion is the absence of taxation on an item or class of items. However, Louisiana law often conflates the term “exclusion” with “exemption,” such that the former may be used to describe a mechanism that might be better characterized as the latter.

Excise tax – a tax imposed on a commodity or commodities

Federal adjusted gross income – the amount of income earned or received during the year after certain exclusions and adjustments according to federal law

Franchise tax – a tax imposed on business corporations for the privilege of conducting business in Louisiana. The tax is levied on either the assessed value of all real and personal property in the state or the amount of issued and outstanding capital stock, surplus, and undivided profits attributable to Louisiana, whichever is larger.

Individual income tax – a tax levied on personal income earned by Louisiana residents and on income earned in Louisiana by non-residents

Itemized deductions – under federal law, certain deductions that are subtracted from adjusted gross income and are applied in lieu of a standard deduction

Non-refundable tax credit – a tax credit that reduces the income tax liability and, if allowed by the statute authorizing the credit, any remaining amount can be carried forward for use in future tax years. If the amount of credit is greater than the taxes owed, the excess will not generate a refund.

Percentage of tax loss – the exemption losses by tax divided by the total potential collections

Petroleum taxes – a tax on motor fuels such as gasoline, diesel, and special fuels including compressed natural gas, liquefied natural gas, and liquefied petroleum gas

Preferential tax rate – a provision which provides a tax rate for certain persons, types of income, transactions, or property that results in reduced tax revenue

Rebate – an incentive in the form of money issued to a taxpayer to induce or after having induced specific behavior without having to be claimed on a tax return

Refundable tax credit – a tax credit that reduces the income tax liability, with any excess credit amount being refundable to the taxpayer

Remote sale – a sale made by a remote seller or a sale facilitated by a marketplace facilitator

Remote seller – a seller who sells for sale at retail, use, consumption, distribution, or for storage to be used for consumption or distribution any taxable tangible personal property, products transferred electronically, or services for delivery within Louisiana, but does not have a physical presence in Louisiana

Sales tax – a tax imposed on certain consumer purchases of tangible personal property and specified services

Service – the performance of an action or activity for others

Severance tax – a tax levied on natural resources taken from the ground

Glossary

State revenue losses – state tax revenue not collected due to statutory tax exemptions. This would not include statutory tax exemptions that are also prohibited from taxation by the state constitution, federal laws, or existing reciprocal agreements.

Statutory tax exemption – an amount that is prohibited from taxation by state statute. This would not include statutory tax exemptions that are also prohibited from taxation by the state constitution, federal laws, or existing reciprocal agreements.

Sunset provision – a clause in a statute which provides for an automatic repeal of the entire law or a section of a law once a specific date is reached

Taxable income – the amount to which the applicable income tax rate is applied

Taxable base – the value of a set of assets, investments, transactions, or income streams (depending on the tax type) that are subject to taxation

Tax exemptions – tax dollars that are not collected and result in a loss of tax revenues available for appropriation. Tax exemptions result from tax laws which provide an exemption, exclusion, deduction, credit, preferential tax rate, tax rebate or a deferral of tax liability to reduce the amount of the taxpayer's liability to Louisiana. Tax exemptions provide economic incentives or tax relief to particular classes of persons or entities to achieve a public purpose.

Agriculture/rural – a tax exemption that pertains to a business or person being located in a rural area; or, engaging in an agricultural trade/business

Alternative reporting method or statutorily prescribed method of taxation for sales tax – tax exemption that assists, guides, or aids a business entity in determining the sales tax to remit or the amount subject to sales tax

Business environment – a tax exemption that encourages competitiveness with other states by impacting the tax burden of business entities that engage in specific activities that include holding or maintaining inventory or property in the state, using for deriving benefit from water, electric power, energy or any other utility type resources, or buying, leasing, renting or selling machines or equipment used for the production, modification, creation or facilitation of tangible personal property in the state, or using consumables in the manufacturing process that does not become part of the final product

Corporate income tax formula – a tax exemption that is unique or specific to Louisiana and relates to assisting, guiding or aiding a business entity in determining the amount of its income for Louisiana tax purposes

Dealers and vendors compensation and discounts – a tax exemption that encourages either the timely filing of a return, report, form or document or the timely payment of a tax, fee or other amount due. The discount for tobacco stamps is the only one not based on timely filing and/or payment; it is to provide a volume discount and to compensate dealers for expenses related to tax collection.

Educational breaks for educational institutions – a tax exemption that pertains to an entity that engages in a specified activity that provides or facilitates the act of learning, or an entity or institution that provides or facilitates learning

Educational breaks for taxpayers – a tax exemption that pertains to an individual or business who engages in a specified activity that is beneficial to, or provides or facilitates the act of learning

Federally imposed exemption – a tax exemption that is based on a prohibition of taxation in the U.S. Constitution or a federal statute

Health care/medical – a tax exemption that was created to assist taxpayers providing health care or medical treatment or that modifies the tax burden on health care or medical treatment

Incentives – a tax exemption that encourages a particular or specified economic activity by modifying the tax burden of the economic activity or behavior that is taking place

Louisiana constitutional mandates – a tax exemption outlined in the state constitution that modifies the tax burden

Natural disaster – a tax exemption that was created to assist taxpayers in recovering from a natural disaster or was created as a direct result of a natural disaster

Normal tax structure – a tax exemption that is commonly used or implemented in other states; enacted to prevent double taxation; or used to prevent the taxation of direct business inputs

Personal income tax formula – a tax exemption that assists, guides, or aids an individual in determining Louisiana taxable income after determining Louisiana adjusted gross income

Glossary

Preferential income tax rate – a tax exemption that provides a reduced or lower rate of tax for certain persons, types of income, transactions, or property that results in reduced tax revenue

Retirement, disability, and military – a tax exemption that modifies the tax owed by individuals who receive money including, but not limited to, wages and interest as a result of this special status or position in life that is recognized by statute

Specialty income tax exemptions – an income tax exemption that encourages a particular or specified economic activity by providing a credit or deduction for the economic activity or behavior that is taking place. Categories of specialty income tax exemptions include tax exemptions for performance of a specific activity, purchase of a specific item, purchase made by a specific taxpayer, or an exemption for specific activity that benefits a community.

Specialty sales tax exemptions – a sales tax exemption that encourages a particular or specified economic activity by modifying the tax burden of the economic activity or behavior that is taking place. Categories of specialty sales tax exemptions include sales tax holidays, purchase of a specific item, purchase made by a specific taxpayer, or activities of a specific group or organization.

Tax incentives and exemption contracts – tax exemptions that encourage a particular or specified economic activity by modifying the tax burden of the economic activity or behavior that is taking place. Categories of incentives include those that spur the hiring of employees by business, or that are administered by and through a contract with the Departments of Economic Development, Culture, Recreation & Tourism, Environmental Quality or Department of Revenue.

Total potential collections – actual tax collections plus the state revenue losses due to tax exemptions

