

2025 Regular Session

HOUSE BILL NO. 184

BY REPRESENTATIVE OWEN

TAX/INCOME-INDIV/EXEMPT: Authorizes an individual income tax deduction for certain amounts a taxpayer receives through hardship distributions from retirement accounts

1 AN ACT

2 To enact R.S. 47:293(9)(a)(xxvii) and 297.26, relative to individual income tax; to authorize  
3 a deduction from tax table income for certain taxpayers for hardship distributions  
4 from retirement accounts; to provide for eligibility for the deduction; to provide for  
5 definitions; to provide for applicability; to provide for an effective date; and to  
6 provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:293(9)(a)(xxvii) and 297.26 are hereby enacted to read as follows:

9 §293. Definitions

10 The following definitions shall apply throughout this Part, unless the context  
11 requires otherwise:

12 \* \* \*

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

17 \* \* \*

1           (xxvii) The deduction for hardship distributions from retirement accounts as  
2           authorized by R.S. 47:297.26.

3   \*       \*       \*

4           §297.26. Tax deduction; hardship distributions from retirement accounts

5                   A. There shall be allowed a deduction from tax table income for amounts  
6                   that a qualifying resident taxpayer receives in a taxable year through hardship  
7                   distributions from one or more retirement accounts.

8                   B. For purposes of this Section, the following terms shall have the meanings  
9                   ascribed to them in this Subsection:

10                   (1) "Hardship distribution" means a withdrawal from a retirement plan  
11                   participant's elective deferral account made because of an immediate and serious  
12                   financial need as determined in accordance with the policies of the plan.

13                   (2) "Qualifying taxpayer" means a taxpayer who has been diagnosed with  
14                   a terminal illness by a licensed physician. In the case of married joint filers,  
15                   "qualifying taxpayer" shall also mean a taxpayer's spouse who has been diagnosed  
16                   with a terminal illness by a licensed physician.

17                   (3) "Terminal illness" shall have the meaning ascribed in R.S. 40:1169.3.

18           Section 2. The provisions of this Act shall apply to taxable periods beginning on or  
19 after January 1, 2026.

20           Section 3. This Act shall become effective on January 1, 2026.

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DIGEST

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

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HB 184 Original   2025 Regular Session   Owen

**Abstract:** Authorizes an income tax deduction for amounts withdrawn as hardship distributions from retirement accounts by persons with terminal illnesses.

Proposed law authorizes an income tax deduction for amounts that a qualifying taxpayer receives in a taxable year through hardship distributions from one or more retirement accounts.

Proposed law provides for the following definitions:

- (1) "Hardship distribution" means a withdrawal from a retirement plan participant's elective deferral account made because of an immediate and serious financial need as determined in accordance with the policies of the plan.
- (2) "Qualifying taxpayer" means a taxpayer who has been diagnosed with a terminal illness by a licensed physician. In the case of married joint filers, "qualifying taxpayer" shall also mean a taxpayer's spouse who has been diagnosed with a terminal illness by a licensed physician.
- (3) "Terminal illness" shall have the meaning ascribed in present law (R.S. 40:1169.3, the Right To Try Act).

Proposed law applies to taxable periods beginning on or after Jan. 1, 2026.

Effective January 1, 2026.

(Adds R.S. 47:293(9)(a)(xxvii) and 297.26)