



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 149** SLS 25RS 315
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 7, 2025 3:12 PM	Author: SEABAUGH
Dept./Agy.: Department of Revenue	Analyst: Noah O'Dell
Subject: Repeals the Earned Income Tax Credit	

TAX/TAXATION OR +\$64,600,000 GF RV See Note Page 1 of 1
 Repeals the earned income tax credit. (1/1/26)

Current law provides a refundable credit against individual income tax equal to 5% of the federal Earned Income Tax Credit (EITC) for which the taxpayer is eligible. Current law provides that for tax years beginning after December 31, 2030, the state credit will equal 3.5% of the federal credit.

Proposed law repeals the state's earned income tax credit.

Effective January 1, 2026. Applicable to tax years beginning on or after January 1, 2026

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$64,600,000	\$69,300,000	\$71,400,000	\$72,800,000	\$278,100,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$64,600,000	\$69,300,000	\$71,400,000	\$72,800,000	\$278,100,000

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The bill repeals the state's earned income tax credit, beginning in tax year 2026. The anticipated revenue impact in FY 27 is a general fund increase* of approximately \$64.6 M due to the proposed law in FY 27, increasing to an estimated \$72.8 M in FY 30. Similar impacts will continue beyond the fiscal note horizon. This projection is based on the 2023-2024 Tax Exemption Budget (TEB) data. LFO will update the fiscal note when LDR releases the 2024-2025 TEB.

Based on data from the 2023 federal returns reported by the Internal Revenue Service (IRS), about 451,000 Louisiana filers claimed a federal EITC credit, which made them eligible for the state credit. LDR has historically noted that 94% of eligible EITC claims are typically made in the year of eligibility, 5% in the following year, and the remaining 1% in the 2nd following year. The impacts reflected in the table above incorporate historical patterns in EITC claiming, and an assumption of modest future growth in EITC participation.

* The SGF impact may originate as the LDR retention of 1% of income and sales tax collections initially classified as SGR but ultimately reverted to the SGF for use in the budget. Should LDR reversions cease, this could become an SGR impact.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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