

ACT No. 251

HOUSE BILL NO. 184

BY REPRESENTATIVES OWEN, ADAMS, AMEDEE, BILLINGS, BOYER, BRYANT, ROBBY CARTER, CHASSION, COATES, COX, DICKERSON, EDMONSTON, EGAN, FIRMENT, FISHER, FREIBERG, HENRY, HILFERTY, JACKSON, MIKE JOHNSON, KNOX, LAFLEUR, MACK, MARCELLE, MILLER, MOORE, NEWELL, ORGERON, SCHAMERHORN, SPELL, TAYLOR, THOMPSON, AND ZERINGUE

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 * * *

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

* * *

§297.26. Tax deduction; hardship distributions from retirement accounts

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

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

(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 R.S. 40:1169.3.

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

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

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____