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## DIGEST

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HB 898 Original

2026 Regular Session

McMakin

**Abstract:** Enacts the "La. Income Tax Elimination Act" which requires a reduction in the individual income tax rate when the Revenue Estimating Conference (REC) recognizes nonrecurring revenues.

Present law requires a state tax to be assessed, levied, collected, and paid upon the net income of individuals at the rate of 3%.

Proposed law retains present law but requires, beginning Jan. 1, 2027, the individual income tax rate for the tax year beginning the following January first to be reduced if an amount of state general fund (direct) carried forward at the close of the previous fiscal year is certified by the commissioner of administration to the Joint Legislative Committee on the Budget pursuant to present law and that amount is recognized by the REC as nonrecurring revenues.

Proposed law requires the secretary of the Dept. of Revenue (DOR) to calculate the rate reduction by reducing the rate by a percentage that generates an estimated reduction in state individual income tax collections equal to 50% of the amount certified by the commissioner of administration and recognized by the REC as nonrecurring revenues. However, if the rate reduction as calculated by the secretary of DOR would result in a reduction of .05% or less, then no rate reduction shall occur.

Proposed law requires the secretary of DOR to publish the reduced rate on the department's website and to include the reduced rate when publishing the tax tables and the withholding tables pursuant to present law.

Effective Jan. 1, 2027.

(Adds R.S. 47:32.1)