

2025 Regular Session

HOUSE BILL NO. 194

BY REPRESENTATIVE BAYHAM

TAX/INCOME-INDIV/EXEMPT: Authorizes an income tax deduction for certain taxpayers' overtime compensation

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 overtime compensation; to provide for
4 limitations on the deduction; to provide for eligibility for the deduction; to provide
5 for applicability; to provide for an effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

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

8 §293. Definitions

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

11 * * *

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

16 * * *

17 (xxvii) The deduction for overtime compensation as authorized by R.S.
18 47:297.26.

19 * * *

1 §297.26. Tax deduction; overtime compensation

2 A. There shall be allowed a deduction from tax table income for amounts of
3 overtime compensation that a resident taxpayer receives in a taxable year. For
4 purposes of this Section, the term "overtime compensation" shall mean overtime
5 compensation required pursuant to Section 7 of the Fair Labor Standards Act of
6 1938, as amended.

7 B. The amount of the deduction shall equal the amount of overtime
8 compensation received by an individual which does not exceed twenty percent of his
9 other wages from the same employer for the taxable year.

10 C. Eligibility for the deduction authorized in this Section shall be limited to
11 resident individual taxpayers whose adjusted gross incomes do not exceed whichever
12 of the following amounts are applicable based on the taxpayer's filing status:

13 (1) Two hundred thousand dollars in the case of any taxpayer using a filing
14 status of married filing jointly or surviving spouse.

15 (2) One hundred fifty thousand dollars in the case of any taxpayer using a
16 filing status of head of household.

17 (3) One hundred thousand dollars in the case of any taxpayer using a filing
18 status of single or married filing separately.

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

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

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)]

HB 194 Original

2025 Regular Session

Bayham

Abstract: Authorizes an income tax deduction for overtime compensation for resident taxpayers with incomes at or below certain levels.

Proposed law authorizes an income tax deduction for amounts of overtime compensation a taxpayer receives in a taxable year. Proposed law defines "overtime compensation" as overtime compensation required pursuant to Section 7 of the Fair Labor Standards Act of 1938, as amended (compensation for hours worked in excess of 40 hours in any workweek).

Proposed law provides that the amount of the deduction shall equal the amount of overtime compensation received by an individual which does not exceed 20% of his other wages from the same employer for the taxable year.

Proposed law limits eligibility for the deduction to resident individual taxpayers whose adjusted gross incomes do not exceed whichever of the following amounts are applicable based on filing status:

- (1) \$200,000 in the case of any taxpayer using a filing status of married filing jointly or surviving spouse.
- (2) \$150,000 in the case of any taxpayer using a filing status of head of household.
- (3) \$100,000 in the case of any taxpayer using a filing status of single or married filing separately.

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

Effective Jan. 1, 2026.

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