
DIGEST

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HB 645 Original

2025 Regular Session

Wyble

Abstract: Increases the amount of the standard deduction over a three-year period for single and married-separate filers from \$12,500 to \$50,000 and reduces the rate of the state tax levied on the net income of individuals over a three-year period from 3% to 1.75%.

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 for tax years ending before Jan. 1, 2027; however, proposed law reduces the individual income tax rate beginning Jan. 1, 2027, through Dec. 31, 2027, from 3% to 2% and further reduces the rate beginning Jan. 1, 2028, and thereafter from 2% to 1.75%.

Present law authorizes a standard deduction for resident taxpayers when determining a taxpayer's tax liability, with the amount of the deduction dependent on the filing status of the taxpayer claiming it. Present law provides that the amount of the standard deduction for single and married-separate filers is \$12,500 and the amount for all other filers is 200% of the amount set for single and married-separate filers; however beginning Jan. 1, 2026, the amount of the standard deduction shall be adjusted annually by the percentage increase in the Consumer Price Index United States city average for all urban consumers (CPI-U), as reported by the U.S. Dept. of Labor, Bureau of Labor Statistics.

Proposed law retains present law for tax years 2025 and 2026, relative to the amount of the standard deduction for all filers; however, proposed law increases the amount of the standard deduction for single and married-separate filers from \$12,500 to \$25,000 for tax year 2027, and to \$50,000 for tax year 2028 and thereafter. The amount of the standard deduction for all other filers is 200% of the amount set for single and married-separate filers. Proposed law maintains the annual adjustment of the standard deduction in accordance with changes in the CPI-U; however, the first year of implementation of the annual adjustment is changed from 2026 to 2029.

Proposed law is applicable to all taxable periods beginning on or after Jan. 1, 2026.

Effective January 1, 2026.

(Amends R.S. 47:32(A) and 294)