



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 159** SLS 25RS 275
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 9, 2025 7:13 PM **Author:** CATHEY
Dept./Agy.: Department of Revenue **Analyst:** Noah O'Dell
Subject: Extends the Digital Nomad Income Tax Exemption

TAX EXEMPTIONS OR DECREASE GF RV See Note Page 1 of 1
 Extends the sunset date of the digital nomad income tax exemption. (8/1/25)

Current law provides an exemption from individual income tax for 50% of gross wages attributable to remote work, up to \$150,000, of defined digital nomad persons. The exemption applies for two of the four taxable years of between 2022 and 2025. Participants must not have resided in the state for any of the prior three years, establish residency after Dec. 31, 2021, work remotely full-time for a nonresident business, and have medical insurance. The Department of Revenue (LDR) is required to limit the number of participating individuals to 500 for the life of the program.

Proposed law retains current law and extends the program through tax year 2027.

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	DECREASE	DECREASE	\$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

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill is anticipated to decrease general fund revenue* beginning in FY27 when 2026 tax returns are filed and extending into FY 28 as returns for tax year 2027 are filed. The bill does not change the eligibility criteria or the amount of the exemption; it merely extends the current exemption for 2 years.

LDR reports negligible participation since the program inception with about \$12,000 in foregone taxes in FY 24. Assuming a consistent degree of participation over the two additional years of the program, SGF revenue would be expected to decline by a minimal amount. However, the maximum exposure of the program is significantly larger, roughly \$4.3M over two years and, should claims increase, SGF revenue would decline.

It is not clear if digital nomads would relocate to Louisiana for the credit or come to the state for other reasons, then take advantage of the credit. Should the credit result in relocations that otherwise would not have occurred, an increase in state income tax that is not exempt may offset some of the stated loss.

* 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}

Deborah Vivien
 Chief Economist