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## DIGEST

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HB 656 Original

2025 Regular Session

Jordan

**Abstract:** Repeals the reduction of the state sales tax rate in 2030 from 5% to 4.75% and deposits .25% of 1% of the sales tax avails into a fund for teacher pay raises.

Proposed law establishes the Teacher Compensation Fund as a special fund in the state treasury. Directs the state treasurer to invest the monies in the fund in the same manner as the state general fund. Interest earned on monies in the fund shall be deposited into the fund. Unexpended and unencumbered monies in the fund at the end of the fiscal year shall remain in the fund.

Present law imposes state sales and use taxes on the sale, use, lease, or rental of tangible personal property pursuant to the following levies in the following amounts:

- (1) R.S. 47:302 - 2%
- (2) R.S. 47:321 - 1%
- (3) R.S. 47:321.1 - 1%
- (4) R.S. 47:331 - 1%

Present law provides for a reduction in the 1% state sales tax levied in R.S. 321.1 from 1% to .75% beginning Jan. 1, 2030.

Proposed law retains present law with respect to all of the state sales tax levies except for the sales tax levied pursuant to R.S. 47:321.1. Proposed law repeals the rate reduction contained in R.S. 47:321.1 from 1% to .75% beginning Jan. 1, 2030, thereby making the 1% levy permanent.

Proposed law deposits the avails of .25% of the 1% of the tax collected into the Teacher Compensation Fund. Requires monies in the fund to be appropriated to the Minimum Foundation Program (MFP) to provide a \$2,000 pay raise for teachers and a \$1,000 pay raise for support staff within the Dept. of Education.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:321.1(A), (B), (C), (E), and (F); Adds R.S. 39:100.254; Repeals R.S. 47:321.1(G) and (H))