LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 129** HLS 25RS 657
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 24, 2025 8:01 PM
Author: ECHOLS
Dept./Agy.: Louisiana Economic Development / Dept. of Revenue
Subject: Tax Credit for Broker-Dealer Financial Firms
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TAX CREDITS OR DECREASE GF RV See Note
Establishes a corporate income tax credit for certain broker-dealer financial businesses

Proposed law provides a nonrefundable corporate income tax credit of 50% of tax liability for broker-dealer firms that establish or relocate a home office or headquarters in a downtown development or a cultural district. Participating firms must meet certain regulatory, asset, and employment requirements to receive a five-year contract with Louisiana Economic Development (LED), who must review the contract annually to ensure participating firms remain eligible for the credits. Tax credits are granted by the Department of Revenue (LDR) with recapture provisions provided in the bill. No cap exists on the amount of credits a single firm may receive, the aggregate amount the program may issue annually, or the aggregate amount of credits that may be redeemed each year.

Proposed law is applicable to contracts entered into or after January 1, 2026 and applicable for tax years beginning on or after January 1, 2026. No credits shall be granted and no new contracts may be entered on or after January 1, 2036.

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	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	**DECREASE**	**DECREASE**	**DECREASE**	**DECREASE**	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**					**$0**

EXPENDITURE EXPLANATION
The Department of Revenue (LDR) is anticipated to incur one-time costs of $13,100 SGR in FY27 related to computer system development, modification, and testing. LDR is anticipated to be able to absorb this amount within its current budget but may require additional resources if the aggregate impact of all bills enacted during this session is substantive. LED reports implementation costs are anticipated to be minimal, but actual administrative costs depend on program participation levels.

REVENUE EXPLANATION
To the extent eligible broker-dealer firms relocate according to the specifications of the program, the bill is anticipated to decrease state general fund revenue by an indeterminable amount beginning in FY27. LFO presumes that the bill is in anticipation of at least 1 project of this type occurring, though timing and corporate income tax liabilities, 50% of which will become an income tax credit (or a state revenue reduction) are indeterminable. It is also not clear if the firm(s) would be drawn to the state solely for this credit nor what their tax liability will be. In the current official forecast, the reduction in state revenue will occur in the Revenue Stabilization Fund. If future adjustments allow aggregate corporate collections to fall below $600M, the impact would occur in SGF.

The bill provides for a ten-year program administered by LED to grant 50% tax credits against corporate income tax liabilities for five-year periods for each participating broker-dealer firm. The term broker-dealer financial firm is not expressly defined in the bill, even though this term is used in both federal and Louisiana Securities law (LSL). The program appears to be available to existing in-state firms or out-of-state firms who newly establish or relocate into a downtown development or cultural district in Louisiana. However, eligible broker-dealer financial businesses must be subject to regulation by the Financial Industry Regulatory Authority, manage over $500 M in assets, and employ more than 200 employees with an average annual wage of at least $50,000 (excluding health, retirement, or other benefits).

For informational purposes, as of 3/27/2025 the Office of Financial Institutions (OFI) reports 1,512 registered broker-dealer firms under LSL are located throughout the country, with 9 of the firms domiciled in the state. OFI reports none of the firms located in the state would meet either criteria set forth in the bill (employee size or asset management).

The bill specifies that the credit shall be applied against the taxpayers liability in the subsequent tax year though qualification begins with the 2026 tax year. The bill does not restrict the beneficiaries of the program from participating in other tax incentive programs. No cap exists on the amount of credits a single firm may receive, the aggregate amount the program may issue annually, or the aggregate amount of credits that may be redeemed each year.

Senate — Dual Referral Rules

- [ ] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}
- [x] 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}

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