



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 331** HLS 25RS 834
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 25, 2025 3:52 PM	Author: JORDAN
Dept./Agy.: Department of Revenue	Analyst: Noah O'Dell
Subject: Income Tax Credit: Auto Insurance Premiums	

TAX CREDITS OR GF RV See Note Page 1 of 1
 Establishes an income tax credit for certain amount of annual auto insurance premiums paid by a taxpayer

Proposed law authorizes a nonrefundable individual income tax credit for the amount, limited to \$5,000 per vehicle, of qualifying motor vehicle insurance premiums paid in excess of \$2,500 per vehicle for no more than two vehicles. Taxpayers claiming the credit must maintain records to verify eligibility for the credit, the amount of credit claimed and, if requested, provide the records to the Department of Revenue (LDR) when filing the taxpayer's income tax return. There is no limit on the aggregate number of credits that may be claimed each year.

Effective January 1, 2026 and applicable to tax years 2026-2031.

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	\$146,067	\$96,116	\$99,000	\$101,970	\$443,153
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	\$146,067	\$96,116	\$99,000	\$101,970	\$443,153

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$1,500,000,000)	(\$1,500,000,000)	(\$1,500,000,000)	(\$1,500,000,000)	(\$6,000,000,000)
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	(\$1,500,000,000)	(\$1,500,000,000)	(\$1,500,000,000)	(\$1,500,000,000)	(\$6,000,000,000)

EXPENDITURE EXPLANATION

The bill is anticipated to increase \$146,067 SGR and one (1) T.O. in the Department of Revenue (LDR) in FY27. One time costs of \$52,750 are expected in FY27 related to computer system development, modification, and testing. LDR reports one Revenue Tax Specialist 1 with salary and related benefits of \$93,317 will be necessary beginning in FY27 to review and process returns claiming the proposed deduction. The department reports the ability 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.

REVENUE EXPLANATION

The bill is anticipated to decrease SGF revenue by an estimated \$1.5B beginning in FY27 when 2026 tax returns are filed. Taxpayers may claim a nonrefundable credit up to \$5,000 per vehicle for the amount paid in motor vehicle insurance premiums in excess of \$2,500 for no more than two vehicles per in-state taxpayer for tax years 2026-2031.

The Department of Insurance (LDI) reports the total private passenger auto insurance premiums paid in Louisiana for 2024 were approximately \$6B. However, LDI does not have information on individual premium costs. Census data suggests there are approximately 1.8M households in Louisiana, indicating the premium paid per household is approximately \$3,333, assuming all vehicles require insurance. The bill provides an individual income tax credit for the amount paid above \$2,500 for up two vehicles. These assumptions imply each household would be eligible for a tax credit of approximately \$833 and that each would have a state income tax liability to charge it against, thus representing an estimate of maximum exposure.

\$833 x 1.8M households = estimated \$1.5B in tax revenue loss each fiscal year (assuming premiums remain constant)

The bill is unclear as to whether multiple taxpayers within each household would be eligible to claim up to two vehicles each, which would work to further increase the anticipated revenue loss provided. No cap exists on the aggregate amount of credits that may be claimed each taxable year.

For informational purposes, according to data from the American Community Survey provided by the Census Bureau, LFO calculates the average Louisiana household is anticipated to have at least 1.7 vehicles.

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