LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB 389** HLS 25RS 31
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 27, 2025 3:50 PM
Author: JACKSON
Dept./Agy.: Department of Revenue /
Subject: Extends & Revises the LA Youth Jobs Income Tax Credit
Analyst: Noah O'Dell

TAX CREDITS OR DECREASE GF RV See Note

Extends the duration of the La. Youth Jobs Tax Credit program and provides relative to eligibility factors associated with the program

Current law authorizes a nonrefundable income tax credit for businesses that hire one or more "eligible youth." Eligible youth means an individual 16-24 years of age, unemployed, will work in a full-time or part-time position that pays wages equivalent to those for similar jobs, and meets one or more criteria related to educational attainment, public assistance program enrollment, justice system involvement, foster care, being a parent or pregnant, housing status, and veteran status. Taxpayers may claim a credit of $1,250 for each youth hired in a full-time position and $750 for each part-time position. The aggregate amount of credits is limited to $5M per calendar year. Stacking of other tax incentives is prohibited. Unused credits may be carried forward for up to 5 years. No credits may be issued after tax year 2025.

Proposed law extends the credit until tax year 2031 and adds a qualifying criteria to the definition of eligible youth related to total annual household income. Proposed law otherwise retains current law. 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	$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**	**DECREASE**	**DECREASE**	**$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**

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. The bill extends the current credit for 6 years and adds an additional criteria related to annual household income to the "eligible youth" definition. Under the bill, unemployed youth who are a member of a family with a total annual household income that does not exceed 300% of the federal poverty guidelines will be considered "eligible youth" for businesses to hire and claim the nonrefundable credit against state liabilities.

LDR reports revenue loss of $14,000 in FY23 and $31,000 in FY24 associated with the program. The bill extends the credit for an additional 6 years, which is anticipated to decrease SGF revenue. To the extent to the expanded criteria for eligible youth increases program participation, SGF revenue would decline by an additional indeterminable amount. The LFO has no basis for formulating an estimate as to the exact number of eligible youth who would be newly hired under the programs expanded eligibility criteria. However, the maximum exposure of the program is significant, considering the credits are capped at $5M each calendar year.

For informational purposes, 300% of the federal poverty level in 2025 for a household of three is approximately $80,000. Businesses who hire youths (living in a household of three) for jobs under the bill with household income less than $80,000 would be eligible for either a $1,250 credit for a full-time youth or $750 credit for a part-time youth. These credits would be used against the respective employer's income tax liability to the state.

Note: 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