



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **SB 235** SLS 25RS 423  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

**Date:** May 1, 2025 6:47 PM **Author:** DUPLESSIS  
**Dept./Agy.:** Department of Revenue **Analyst:** Noah O'Dell  
**Subject:** Individual Income Tax Credit: Homeowner's Insurance Prem

TAX/INCOME/PERSONAL OR DECREASE GF RV See Note Page 1 of 1  
 Establishes an individual income tax credit for payments made toward a homeowner's insurance policy premium. (1/1/26)

Proposed law authorizes an individual income tax credit for the amount, limited to \$2,000, paid by certain lower income taxpayers for homeowner's insurance premiums each taxable year. Eligible taxpayers for the credit are limited to those with income less than 200% of the federal poverty level, which is a function of the number of persons in the household. The nature of the credit (refundable or nonrefundable) depends upon the federal AGI of the taxpayer. Taxpayers with a federal AGI less than or equal to \$25,000 will be issued refundable income tax credits; those with an AGI greater than \$25,000 will be issued a nonrefundable income tax credit with a carryforward period of five years. There is no aggregate limit to the number of credits that may be issued each year. Taxpayers must maintain all necessary documentation to verify the amount insurance premium paid. LDR may promulgate rules.

Effective January 1, 2026 and applicable to tax years beginning on or after January 1, 2026.

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	<b>\$146,067</b>	<b>\$96,116</b>	<b>\$99,000</b>	<b>\$101,900</b>	<b>\$443,083</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$0</b>	<b>\$146,067</b>	<b>\$96,116</b>	<b>\$99,000</b>	<b>\$101,900</b>	<b>\$443,083</b>

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	\$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
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

The bill is anticipated to increase \$146,067 SGR expenditures\* 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 credit. LDR 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 indeterminable amount beginning in FY27 when 2026 returns are filed. The bill offers a individual income tax credit to certain individual taxpayers with income less than 200% of the federal poverty level for the amount, limited to \$2,000, paid towards a homeowner's insurance premium on the taxpayer's primary residence (assumed to be the home for which a homestead exemption is claimed). The nature of the credit is determined by the federal AGI of the taxpayer. If the taxpayer's AGI is less than or equal to \$25,000, the credit is refundable. If the taxpayer's AGI is greater than or equal to \$25,000, then the credit is nonrefundable.

There is no aggregate limit on credits issued each year, leaving the potential for significant risk to the state fisc. It is unclear if married filing separately filers may each claim the credit, and there are no anti-stacking provisions.

Calculating the exact revenue impact of the bill is complicated due to a combination of unknown factors: (1) the number of persons in the respective taxpayer's household which determines whether or not they fall below 200% of the federal poverty guidelines and are eligible for the credit, (2) homeownership among the eligible taxpayers, (3) the amount paid for homeowners insurance premiums among the eligible taxpayers, (4) the corresponding AGI of the homeowners, which ultimately determines whether the credit is refundable or nonrefundable, (5) tax liability of the eligible taxpayers who may be issued a nonrefundable credit. Due to the unknown factors surrounding the effected taxpayers, the combination of which specifically qualifies or disqualifies taxpayers or reduces the credit size, LFO is unable to provide an exact estimated revenue loss. However, **the bill is anticipated to decrease SGF revenue by potentially hundreds of millions of dollars.**

For informational purposes, in a scenario where 150,000 homes of the approximately 1.17 million homestead residential properties qualified for the credit under the bill, where 50% of the homeowners received a \$2,000 credit, 25% received a \$1,500 credit, and 25% received 1,000 credit, this would result in a revenue reduction of approximately \$243.8M each fiscal year (assuming certain taxpayers have liability to claim the credit against). LFO has no information on the likelihood of this scenario; it is provided as an illustration only.

\* The impact may originate as the revenues or expenditures of the LDR retention of 1% of income tax collections initially classified as SGR but ultimately unspent SGR is reverted to the SGF for use in the budget.

Senate  
 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}

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