

2025 Regular Session

HOUSE BILL NO. 656

BY REPRESENTATIVE JORDAN

TAX/SALES & USE: Repeals the reduction in the state sales and use tax rate and dedicates a portion of the avails of the state sales tax to fund teacher pay raises

1 AN ACT

2 To amend and reenact R.S. 47:321.1(A), (B), (C), (E), and (F), to enact R.S. 39:100.254, and  
3 to repeal R.S. 47:321.1(G) and (H), relative to state sales and use tax; to increase the  
4 state sales and use tax rate; to establish the Teacher Compensation Fund; to provide  
5 for the transfer, deposit, and use of monies in the Teacher Compensation Fund; to  
6 provide an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 39:100.254 is hereby enacted to read as follows:

9 §100.254. Teacher Compensation Fund

10 A. There is hereby established in the state treasury, as a special fund, the  
11 Teacher Compensation Fund, hereafter referred to in this Section as the "fund".  
12 Monies in the fund shall be invested in the same manner as monies in the state  
13 general fund. Interest earned on investment of monies in the fund shall be deposited  
14 into the fund. Unexpended and unencumbered monies in the fund at the end of the  
15 fiscal year shall remain in the fund.

16 B. After allocation of money to the Bond Security and Redemption Fund as  
17 provided in Article VII, Section (9)(B) of the Constitution of Louisiana, the treasurer  
18 shall deposit into the fund the following:

19 (1) Revenues received from the state sales and use tax collected pursuant to  
20 R.S. 47:321.1(E)(2).

21 (2) Monies received by the state treasurer from donations, gifts, grants,  
22 appropriations, or other revenue.

1           C. Monies in the fund shall be appropriated to the Minimum Foundation  
2           Program within the Department of Education to provide a pay raise to be paid in the  
3           same amount and to the same recipients as the pay raise proposed in the Fiscal Year  
4           2023-2024 MFP Formula, plus the associated employer retirement contributions.

5           Section 2. R.S. 47.321.1(A), (B), (C), (E), and (F) are hereby amended and reenacted  
6 to read as follows:

7           §321.1. Imposition of tax

8           A. In addition to the tax levied by R.S. 47:302(A), 321(A), and 331(A) and  
9 collected ~~under~~ pursuant to the provisions of Chapter 2 of this Subtitle, there is  
10 hereby levied an additional tax upon the sale at retail, the use, the consumption, the  
11 distribution, and the storage for use or consumption in this state of each item or  
12 article of tangible personal property or digital product as defined in Chapter 2 of this  
13 Subtitle. The levy of said tax shall be as follows:

14           ~~(1)(a) Except as provided for in Subparagraph (b) of this Paragraph, at~~ At the  
15 rate of ~~forty-five hundredths~~ of one percent of the sales price of each item or article  
16 of tangible personal property or digital product when sold at retail in this state, the  
17 tax to be computed on gross sales for the purpose of remitting the amount of tax to  
18 the state, and to include each and every retail sale.

19           ~~(b) Beginning January 1, 2025, through December 31, 2029, in addition to~~  
20 ~~the tax levied in Subparagraph (a) of this Paragraph, there is hereby levied an~~  
21 ~~additional tax of fifty-five hundredths of one percent of the sales price of each item~~  
22 ~~or article of tangible personal property when sold at retail in this state, the tax to be~~  
23 ~~computed on gross sales for the purpose of remitting the amount of tax to the state,~~  
24 ~~and to include each and every retail sale.~~

25           ~~(c) Beginning January 1, 2030, there is hereby levied a tax of seventy-five~~  
26 ~~hundredths of one percent of the sales price of each item or article of tangible~~  
27 ~~personal property when sold at retail in this state, the tax to be computed on gross~~  
28 ~~sales for the purpose of remitting the amount of tax to the state, and to include each~~  
29 ~~and every retail sale.~~

1           (2)(a) ~~Except as provided for in Subparagraph (b) of this Paragraph, at~~ At the  
2 rate of ~~forty-five hundredths~~ of one percent of the cost price of each item or article  
3 of tangible personal property or digital product when the same is not sold but is used,  
4 consumed, distributed, or stored for use or consumption in this state, provided that  
5 there shall be no duplication of the tax.

6           (b) ~~Beginning January 1, 2025, through December 31, 2029, in addition to~~  
7 ~~the tax levied in Subparagraph (a) of this Paragraph, there is hereby levied an~~  
8 ~~additional tax of fifty-five hundredths of one percent of the cost price of each item~~  
9 ~~or article of tangible personal property when the same is not sold but is used,~~  
10 ~~consumed, distributed, or stored for use or consumption in this state, provided that~~  
11 ~~there shall be no duplication of the tax.~~

12           (c) ~~Beginning January 1, 2030, there is hereby levied a tax of seventy-five~~  
13 ~~hundredths of one percent of the cost price of each item or article of tangible~~  
14 ~~personal property when the same is not sold but is used, consumed, distributed, or~~  
15 ~~stored for use or consumption in this state, provided that there shall be no duplication~~  
16 ~~of the tax.~~

17           B. In addition to the tax levied by R.S. 47:302(B), 321(B), and 331(B) and  
18 collected ~~under~~ pursuant to the provisions of Chapter 2 of this Subtitle, there is  
19 hereby levied a tax upon the lease or rental within this state of each item or article  
20 of tangible personal property or digital product, as defined by Chapter 2 of this  
21 Subtitle; the levy of the tax to be as follows:

22           (1)(a) ~~Except as provided for in Subparagraph (b) of this Paragraph, at~~ At the  
23 rate of ~~forty-five hundredths~~ of one percent of the gross proceeds derived from the  
24 lease or rental of tangible personal property, as defined in Chapter 2 of this Subtitle,  
25 where the lease or rental of such property is in an established business, or part of an  
26 established business, or the same is incidental or germane to the business.

27           (b) ~~Beginning January 1, 2025, through December 31, 2029, in addition to~~  
28 ~~the tax levied in Subparagraph (a) of this Paragraph, there is hereby levied an~~  
29 ~~additional tax of fifty-five hundredths of one percent of the gross proceeds derived~~

1 from the lease or rental of tangible personal property, as defined in Chapter 2 of this  
2 Subtitle, where the lease or rental of such property is in an established business, or  
3 part of an established business, or the same is incidental or germane to the business.

4 (c) ~~Beginning January 1, 2030, there is hereby levied a tax of seventy-five~~  
5 ~~hundredths of one percent of the gross proceeds derived from the lease or rental of~~  
6 ~~tangible personal property, as defined in Chapter 2 of this Subtitle, where the lease~~  
7 ~~or rental of such property is in an established business, or part of an established~~  
8 ~~business, or the same is incidental or germane to the business.~~

9 (2)(a) ~~Except as provided for in Subparagraph (b) of this Paragraph, at At the~~  
10 ~~rate of forty-five hundredths of one percent of the monthly lease or rental price paid~~  
11 ~~by a lessee or rentee, or contracted or agreed to be paid by a lessee or rentee to the~~  
12 ~~owner of the tangible personal property or digital product.~~

13 (b) ~~Beginning January 1, 2025, through December 31, 2029, in addition to~~  
14 ~~the tax levied in Subparagraph (a) of this Paragraph, there is hereby levied an~~  
15 ~~additional tax of fifty-five hundredths of one percent of the monthly lease or rental~~  
16 ~~price paid by a lessee or rentee, or contracted or agreed to be paid by a lessee or~~  
17 ~~rentee to the owner of the tangible personal property.~~

18 (c) ~~Beginning January 1, 2030, there is hereby levied a tax of seventy-five~~  
19 ~~hundredths of one percent of the monthly lease or rental price paid by a lessee or~~  
20 ~~rentee, or contracted or agreed to be paid by a lessee or rentee to the owner of the~~  
21 ~~tangible personal property.~~

22 C.(1) ~~Except as provided for in Paragraph (2) of this Subsection, in In~~  
23 ~~addition to the tax levied on sales of services by R.S. 47:302(C), 321(C), and 331(C)~~  
24 ~~and collected under pursuant to the provisions of Chapter 2 of this Subtitle, there is~~  
25 ~~hereby levied a tax upon all sales of services in this state, as those services are~~  
26 ~~defined by Chapter 2 of this Subtitle, at the rate of forty-five hundredths of one~~  
27 ~~percent of the amounts paid or charged for the services.~~

28 (2) ~~Beginning January 1, 2025, through December 31, 2029, in addition to~~  
29 ~~the tax levied in Paragraph (1) of this Subsection, there is hereby levied an additional~~

1 ~~tax of fifty-five hundredths of one percent tax upon all sales of services in this state,~~  
2 ~~as those services are defined by Chapter 2 of this Subtitle, at the rate of forty-five~~  
3 ~~hundredths of one percent of the amounts paid or charged for the services.~~

4 ~~(3) Beginning January 1, 2030, there is hereby levied a tax of seventy-five~~  
5 ~~hundredths of one percent upon all sales of services in this state, as those services are~~  
6 ~~defined by Chapter 2 of this Subtitle.~~

7 \* \* \*

8 ~~E. The provisions of Subparagraphs (A)(1)(a) and (b) and (2)(a) and (b),~~  
9 ~~(B)(1)(a) and (b) and (2)(a) and (b), and Paragraphs (C)(1) and (2) of this Section~~  
10 ~~shall be inapplicable, inoperative, and of no effect after December 31, 2029.~~

11 ~~G. E.(1) The avails of the tax collected under pursuant to this Section shall~~  
12 ~~be deposited immediately into the state treasury, and, after compliance with the~~  
13 ~~requirements of Article VII, Section 9(B) of the Constitution of Louisiana, the state~~  
14 ~~treasurer shall pay the remainder of the monies into the state general fund.~~

15 ~~(2) Notwithstanding the provisions of Paragraph (1) of this Subsection, after~~  
16 ~~compliance with the requirements of Article VII, Section 9(B) of the Constitution of~~  
17 ~~Louisiana, twenty-five percent of the avails of the tax collected pursuant to this~~  
18 ~~Section shall be deposited into the Teacher Compensation Fund.~~

19 ~~H. F. No amount of additional revenue collected as a result of this Section~~  
20 ~~shall be remitted to any tax increment financing district or economic development~~  
21 ~~project.~~

22 Section 3. R.S. 47:321.1(G) and (H) are hereby repealed in their entirety.

23 Section 4. This Act shall become effective upon signature by the governor or, if not  
24 signed by the governor, upon expiration of the time for bills to become law without signature  
25 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
26 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
27 effective on the day following such approval.

## DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 656 Engrossed

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 the avails collected from a 1% state sales tax levy (R.S. 47:321.1) 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 .25% of the avails collected pursuant to the 1% state sales tax levied in present law (R.S. 47:321.1) 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))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Change the amount of the state sales tax avails deposited into the Teacher Compensation Fund from .25% of 1% of the *total* avails collected on the state's 5% combined sales tax levies to .25% of the avails collected from the state sales tax levied pursuant to R.S. 47:321.1 which is a 1% levy.