LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

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

Date: May 14, 2025 12:57 PM **Author:** DUPLESSIS
Dept./Agy.: Department of Revenue
Subject: Individual Income Tax Credit: Homeowner's Insurance Prem **Analyst:** Noah O'Dell

TAX/INCOME/PERSONAL RE -$10,000,000 GF RV See Note

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 household 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. Aggregate credits granted per calendar year are limited to $10M. Credits shall be granted on a first-come, first-served basis. Taxpayers must maintain all necessary documentation to verify the amount insurance premium paid. LDR may promulgate rules.

Applicable to tax years beginning on or after January 1, 2026. No credits shall be granted for tax years 2036 and beyond.

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**	**$101,900**	**$443,083**
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**	**$101,900**	**$443,083**

REVENUES	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	**($10,000,000)**	**($10,000,000)**	**($10,000,000)**	**($10,000,000)**	**($40,000,000)**
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**	**($10,000,000)**	**($10,000,000)**	**($10,000,000)**	**($10,000,000)**	**($40,000,000)**

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 $10M annually beginning in FY27 when 2026 returns are filed through the sunset in FY 36. The bill offers an individual income tax credit to certain individual taxpayers with household 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). 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. Aggregate credits granted per calendar year are limited to $10M until 2036.

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, and (5) the 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 estimate.

Considering the potentially large number of taxpayers who are eligible for the tax credit, LFO assumes eligible credits will likely exceed the $10M granted each year. With excess credits allowed to roll into the next year, the credits may be granted to capacity before the sunset date. It is assumed that once granted credits accumulate to the 2036 maximum, taxpayers will be notified that no additional credits are available. According to the LA Tax Commission 2024 Annual Report, there were approximately 1.17M homestead exemptions claimed in the state. According to the US Census Bureau, there are about 869,000 persons living in poverty in Louisiana, and the bill is applicable to households earning up to 200% more than poverty level ($53,300/HH of 3). It is unclear if married filing separately filers may each claim the credit.

* 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 — Dual Referral Rules

[x] 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}

[x] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Deborah Vivien
Chief Economist