

2025 Regular Session

SENATE BILL NO. 33

BY SENATOR ALLAIN

TAX/TAXATION. Authorizes an income tax credit for eligible state employees that identify cost savings in state agencies. (gov sig)

1 AN ACT

2 To enact R.S. 47:6044, relative to tax credits; to authorize the Government Accountability
3 and Innovation for Net Savings (GAINS) tax credit against income tax for certain
4 eligible state employees; to provide for the purpose of the credit; to provide for
5 definitions; to provide for the amount of credit; to provide for the application for and
6 granting of the credit; to provide for credit certification; to provide for requirements
7 and limitations; to provide for the recovery and recapture of credits; to provide for
8 rule promulgation; to provide for termination of the credit; to provide for an effective
9 date; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 47:6044 is hereby enacted to read as follows:

12 **§6044. Government Accountability and Innovation for Net Savings (GAINS)**
13 **tax credit program**

14 **A. Purpose. The purpose of this Section is to incentivize state employees**
15 **to submit state savings proposals and efficiency recommendations that agencies**
16 **will implement to yield monetary savings, streamline operations, and reduce**
17 **waste while maintaining expected levels of performance as determined by the**

1 commissioner of administration. The Government Accountability and
2 Innovation for Net Savings tax credit, referred to in this Section as the "GAINS
3 tax credit" or the "credit", is designed to reward verified recommended
4 improvements in operational effectiveness, energy conservation, digital
5 transformation, and public service optimization. The goal is to enhance fiscal
6 responsibility, ensure better resource allocation, and promote transparency
7 while maintaining or improving the quality of services delivered to the public.

8 B. Definitions. For the purposes of this Section, the following words shall
9 have the following definitions unless the context clearly indicates otherwise:

10 (1) "Agency" means any state office, department, board, commission,
11 institution, division, officer or other person, or functional group, heretofore
12 existing or hereafter created, that is authorized to exercise, or that does
13 exercise, any functions of the government of the state, but not any governing
14 body or officer of any local government or subdivision of the state, or any
15 parochial officer who exercises functions coterminous with the municipality in
16 which he performs those functions that receives funding through the General
17 Appropriation Act or the Ancillary Appropriation Act.

18 (2) "Commissioner" means the commissioner of the division of
19 administration.

20 (3) "Department" means the Department of Revenue.

21 (4) "Eligible state employee" means any full-time employee of this state
22 who is eligible to contribute to Louisiana State Employees' Retirement System,
23 Teachers' Retirement System of Louisiana, Louisiana School Employees'
24 Retirement System, or Louisiana State Police Retirement System and who does
25 not have as a job responsibility the creation or implementation of the budget for
26 any agency for whom the employee is employed.

27 (5) "State savings" means the amount of savings per fiscal year certified
28 by the commissioner as being eligible for a credit pursuant to this Section.

29 C. GAINS tax credit.

1 **(1) There is hereby authorized a credit against individual income tax for**
2 **state savings that are recommended by an eligible state employee through a**
3 **state savings proposal. The total amount of tax credits certified by the**
4 **commissioner in any fiscal year shall not exceed ten million dollars.**

5 **(2) The tax credit shall only be granted if the state savings proposal is**
6 **approved for implementation as determined by the commissioner pursuant to**
7 **this Section.**

8 **(3)The tax credit shall be equal to thirty percent of the annual state**
9 **savings approved and certified by the commissioner. The tax credit shall be**
10 **earned when the commissioner certifies the state savings amount and the**
11 **GAINS tax credit amount, and the credit shall be claimed as follows:**

12 **(a) Fifteen percent of the total state savings in the tax year in which the**
13 **tax credit is certified by the commissioner.**

14 **(b) Ten percent of the total state savings in the tax year following the**
15 **year in which the tax credit is certified by the commissioner.**

16 **(c) Five percent of the total state savings in the second tax year following**
17 **the year in which the tax credit is certified by the commissioner.**

18 **(4) The granting of credits shall be on a first-come, first-served basis. If**
19 **the total amount of credits applied for in any particular year exceeds the**
20 **aggregate amount of tax credits allowed for that year, the excess shall be treated**
21 **as having been applied for on the first day of the subsequent year.**

22 **D. Claiming of the credit. State employees who earn a tax credit shall**
23 **claim the credit on their individual income tax return. If the tax credit allowed**
24 **pursuant to this Section exceeds the amount of such taxes due, any unused**
25 **credit may be carried forward as a credit against subsequent tax liability for a**
26 **period not to exceed ten years.**

27 **E. Application and Certification. (1) An eligible state employee seeking**
28 **a tax credit pursuant to this Section shall submit the state savings proposal to**
29 **the head of their agency.**

1 (2) The head of an agency shall determine if the state savings proposal
2 would result in a discernable reduction in monies expended for the
3 accomplishment of a particular activity, program, function, or action,
4 collectively referred to hereinafter as "activity", and shall submit the
5 recommendation to the commissioner for certification of a GAINS tax credit on
6 behalf of the eligible state employee. The recommendation shall contain the
7 following:

8 (a) All evidence, data, and performance information which may be
9 required by the commissioner for verification and consideration of the request.

10 (b) Demonstration that such reduction is attributable to specific acts of
11 the eligible state employee which have resulted in the agency expending less
12 money than was appropriated or allocated while maintaining the expected levels
13 of performance related to the activity.

14 (c) Any written concerns or objections of the agency related to adoption
15 and implementation of the state savings proposal.

16 (3) The commissioner shall review the recommendation, including the
17 agency-related concerns or objections for the approval and implementation of
18 the state savings proposal, and determine whether sufficient evidence is
19 presented to support the recommendation made. The commissioner may
20 request any additional information from the agency deemed necessary to
21 determine eligibility for a credit pursuant to this Section. The commissioner
22 shall complete his review within sixty days of receipt of each recommendation.

23 (a) If the commissioner determines that the state savings proposal is
24 eligible for a tax credit, the commissioner shall issue a credit certification letter
25 to the eligible state employee for state savings. The certification shall specify the
26 tax credit dollar amounts per tax year. A copy of the credit certification letter
27 shall be submitted to the agency and the department.

28 (b) If the commissioner determines that the state savings proposal is not
29 eligible for a credit pursuant to this Section, the commissioner shall issue a

1 denial letter to the eligible state employee and shall provide the reason for
2 denial as well as the process for appeal of the denial. A copy of the denial letter
3 shall be submitted to the agency.

4 (4) The commissioner shall certify the tax credit based on his satisfaction
5 that the eligible state employee's state savings proposal demonstrates a
6 discernable reduction in monies expended for the accomplishment of the
7 proposed activity.

8 (5) The credit shall be certified pursuant to the provisions of this Section
9 through the adoption and promulgation of rules by the commissioner. The rules
10 shall provide for all of the following:

11 (a) The minimum and maximum state savings eligible for certification
12 pursuant to the GAINS tax credit.

13 (b) The criteria the commissioner shall consider to decide which state
14 savings will qualify for the credits.

15 (c) The circumstances under which an agency may decide not to
16 implement a state savings proposal.

17 (d) An appeals process.

18 F.(1) Recapture of credits. If the commissioner or the department find
19 that funds for which a taxpayer received credits according to this Section were
20 in violation of the provisions of this Section including but not limited to fraud
21 or misrepresentation then the taxpayer's state income tax for such taxable
22 period shall be increased by such amount necessary for the recapture of credit
23 provided by this Section.

24 (2)(a) Recovery of credits by the Department of Revenue. Credits
25 granted to a taxpayer, but later disallowed, may be recovered by the secretary
26 of the department through any collection remedy authorized by R.S. 47:1561
27 and initiated within three years from December thirty-first of the year in which
28 the credit was taken.

29 (b) The only interest that may be assessed and collected on recovered

1 credits is interest at a rate three percentage points above the rate provided in
 2 R.S. 9:3500(B)(1), which shall be computed from the original date of the return
 3 on which the credit was taken.

4 (3) The provisions of this Subsection are in addition to and shall not limit
 5 the authority of the secretary of the department to assess or to collect under any
 6 other provision of law.

7 G.(1) The commissioner shall promulgate rules and regulations to
 8 provide for the implementation of the provisions of this Section no later than
 9 December 31, 2025.

10 (2) The Department of Revenue may promulgate rules and regulations
 11 as necessary for implementation of the provisions of this Section.

12 H. No credit shall be certified pursuant to this Section on or after July
 13 1, 2029.

14 Section 2. This Act shall become effective upon signature by the governor or, if not
 15 signed by the governor, upon expiration of the time for bills to become law without signature
 16 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 17 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 18 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Senate Legislative Services.
 The keyword, summary, 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)]

DIGEST

SB 33 Original 2025 Regular Session Allain

Proposed law creates the Government Accountability and Innovation for Net Savings (GAINS) tax credit program and provides a tax credit against income tax to incentivize state employees to identify and request implementation of state savings proposals. Also provides that the commissioner of the division of administration (commissioner) is responsible for the administration of the credit.

Proposed law defines terms for purposes of the GAINS tax credit program including the terms "agency", "commissioner", "department", "eligible state employee", and "state savings".

Proposed law establishes a tax credit against individual income tax for state savings recommended by an eligible state employee through a state savings proposal. Also requires the state savings to be implemented by the state in order for the credit to be granted.

Proposed law establishes a fiscal year cap for the GAINS credit program of \$10 million per fiscal year.

Proposed law provides that the GAINS credit is equal to 30% of the state savings and provides that the credit is earned when certified by the commissioner.

Proposed law requires the GAINS tax credit to be claimed as follows:

- (1) 15% of the total state savings certified by the commissioner to be claimed for the tax year in which the GAINS tax credit is certified by the commissioner.
- (2) 10% of the total state savings certified by the commissioner to be claimed for the tax year following the year in which the GAINS tax credit is certified by the commissioner.
- (3) 5% of the total state savings certified by the commissioner to be claimed for the second tax year following the year in which the GAINS tax credit is certified by the commissioner.

Proposed law allows GAINS credits to be claimed on the eligible state employee's individual income tax return. Further provides that if the tax credit exceeds the amount of taxes due, any unused credit may be carried forward for a period not to exceed ten years.

Proposed law requires an eligible state employee to submit the state savings proposal to their agency head.

Proposed law requires the head of an agency to determine if implementation of the state savings proposal would result in a state savings and submit a recommendation to the commissioner for the certification of a GAINS tax credit. Further requires the agency head to provide written concerns or objections related to adoption and implementation of the state savings proposal.

Proposed law requires the commissioner to review the agency recommendation for GAINS tax credits and certify or deny credits.

Proposed law provides for the recapture and recovery of credits under certain circumstances.

Proposed law requires the commissioner to promulgate rules to provide for the implementation of the GAINS tax credit program within 180 days of the effective date of proposed law.

Proposed law authorizes the Dept. of Revenue to promulgate rules as necessary for implementation of the GAINS tax credit program.

Proposed law provides that no GAINS tax credits shall be certified on or after July 1, 2029.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 47:6044)