

2021 Regular Session

HOUSE BILL NO. 300

BY REPRESENTATIVE JAMES

TAX CREDITS: Eliminates the mandatory decrease in the amount of earned income tax credit

1 AN ACT

2 To amend and reenact R.S. 47:297.8, relative to individual income tax credits; to provide for  
3 the amount of the earned income tax credit; to provide for an effective date; and to  
4 provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:297.8 is hereby amended and reenacted to read as follows:

7 §297.8. Earned income tax credit

8 A. ~~(1) Except as provided in Paragraph (2) of this Subsection, there~~ There  
9 shall be a credit against the tax imposed by this Chapter for individuals in an amount  
10 equal to ~~three and one-half~~ five percent of the federal earned income tax credit for  
11 which the individual is eligible for the taxable year under Section 32 of the Internal  
12 Revenue Code.

13 ~~(2) For tax years beginning on and after January 1, 2019, through December~~  
14 ~~31, 2025, there shall be a credit against the tax imposed by this Chapter for~~  
15 ~~individuals in an amount equal to five percent of the federal earned income tax credit~~  
16 ~~for which the individual is eligible for the taxable year under Section 32 of the~~  
17 ~~Internal Revenue Code.~~

18 B. If the credit against Louisiana income tax for resident individuals exceeds  
19 the amount of ~~such~~ the individual's tax liability for the taxable year, then ~~such~~ the  
20 excess tax credit shall constitute an overpayment from the current collections of the

1 taxes imposed under this Part. The right to a refund of any ~~such~~ overpayment shall  
2 not be subject to the requirements of R.S. 47:1621(B).

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

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#### 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)]

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HB 300 Original

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James

**Abstract:** Eliminates the mandatory decrease in the amount of the credit in 2026.

Present law provides for an individual income tax credit based on the taxpayer's federal earned income tax credit authorized under Section 32 of the Internal Revenue Code. The amount of the credit is 5% of the amount of the taxpayer's federal earned income tax credit through Dec. 31, 2025. Beginning Jan. 1, 2026, the amount of the credit is decreased from 5% to 3.5% of the amount of the taxpayer's federal earned income tax credit.

Proposed law changes present law by eliminating the mandatory decrease in the amount of the credit in 2026, thereby making the 5% amount in present law permanent.

Present law provides that if the amount of the credit exceeds the taxpayer's tax liability for the taxable year, the excess credit amount shall constitute an overpayment and shall be refunded to the taxpayer from the current collections of the taxes imposed under present law.

Proposed law retains present law.

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

(Amends R.S. 47:297.8)