

2025 Regular Session

HOUSE BILL NO. 186

BY REPRESENTATIVE DEWITT

TAX CREDITS: Authorizes a tax credit for certain employers of La. National Guard members and military reservists

1 AN ACT

2 To enact R.S. 47:6044, relative to income tax; to establish a refundable tax credit for  
3 businesses that pay certain forms of compensation to members of the Louisiana  
4 National Guard and members of reserve components of the United States armed  
5 forces; to provide for definitions; to provide for qualifications for the tax credit; to  
6 provide for the amount of the credit; to provide for the claiming of the credit; to  
7 provide for limitations with respect to the credit; to require the promulgation of rules;  
8 to provide for applicability; to provide for an effective date; and to provide for  
9 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. Tax credit for certain compensation paid to National Guard and military  
13 reserve members

14 A. For purposes of this Section, the following terms shall have the meanings  
15 ascribed to them in this Subsection:

16 (1) "Inactive duty training" shall have the meaning ascribed in 38 U.S.C.  
17 101.

18 (2) "Reservist differential" means a payment made by a private employer to  
19 an employee who is a member of the Louisiana National Guard or any reserve  
20 component of the United States armed forces during periods when that employee is

1 called or ordered to active duty. The amount of the reservist differential is equal to  
2 the amount by which the employee's projected earnings from his civilian employer  
3 for a covered pay period exceeds his actual military pay and allowances allocable to  
4 that pay period.

5 B. There shall be allowed a refundable credit against Louisiana income tax  
6 for businesses that pay any of the following:

7 (1) Compensation to any employee during any period in which the employee  
8 is engaged in inactive duty training, referred to hereafter in this Section as "IDT  
9 compensation".

10 (2) A reservist differential to any employee.

11 C.(1) The amount of the credit shall equal the combined total of all IDT  
12 compensation paid to employees plus all reservist differential amounts paid to  
13 employees during the taxable period or five thousand dollars, whichever is less.

14 (2) The total amount of credits granted pursuant to the provisions of this  
15 Section shall not exceed five million dollars per calendar year.

16 D. The granting of tax credits authorized by this Section shall be on a  
17 first-come, first-served basis. If the total amount of credits claimed in a particular  
18 calendar year exceeds the amount of tax credits authorized for that year, the  
19 Department of Revenue shall treat the excess as having been applied for on the first  
20 day of the subsequent year. The department shall treat all requests received on the  
21 same business day as received at the same time. If the aggregate amount of the  
22 requests received on a single business day exceeds the total amount of available tax  
23 credits, the department shall approve tax credits on a pro rata basis.

24 E. If the amount of the credit authorized by this Section exceeds the amount  
25 of the taxpayer's tax liability for the taxable year, the excess tax credit amount shall  
26 constitute an overpayment as defined in R.S. 47:1621(A), and the secretary shall  
27 make a refund of the overpayment from the current collections of the taxes imposed  
28 pursuant to Chapter 1 of Subtitle II of this Title. The right to a refund shall not be  
29 subject to the requirements of R.S. 47:1621(B).

1           F. Any taxpayer claiming the credit authorized in this Section shall maintain  
2           all records necessary to verify his eligibility for the credit and for the amount of  
3           credit claimed. If requested by the Department of Revenue, a taxpayer shall submit  
4           to the department, in connection with the filing of his corporation, individual, or  
5           fiduciary income tax return, any records required to be maintained by the provisions  
6           of this Subsection.

7           G. The credit authorized in this Section may be claimed by corporations,  
8           individuals, and other entities in accordance with the following provisions:

9           (1) An entity taxed as a corporation for Louisiana income tax purposes shall  
10          claim any credit authorized by this Section on its corporation income tax return.

11          (2) An individual, estate, or trust shall claim any credit authorized by this  
12          Section on its income tax return.

13          (3) An entity that is not taxed as a corporation shall claim any credit  
14          authorized by this Section on the returns of the partners or members in accordance  
15          with the following requirements:

16          (a) Corporate partners or members shall claim their share of the credit,  
17          respectively, on their corporation income tax returns.

18          (b) Individual partners or members shall claim their share of the credit,  
19          respectively, on their individual income tax returns.

20          (c) Partners or members that are estates or trusts shall claim their share of the  
21          credit, respectively, on their fiduciary income tax returns.

22          H. The secretary of the Department of Revenue shall promulgate rules in  
23          accordance with the Administrative Procedure Act as are necessary to implement the  
24          provisions of this Section.

25          I. No credits authorized by this Section may be claimed for any taxable year  
26          beginning after December 31, 2031.

27          Section 2. The provisions of this Act shall apply to taxable periods beginning on or  
28 after January 1, 2026.

29          Section 3. This Act shall become effective on January 1, 2026.

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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 186 Original

2025 Regular Session

Dewitt

**Abstract:** Authorizes a refundable tax credit for businesses that pay certain forms of compensation to members of the La. National Guard and members of reserve components of the U.S. armed forces.

Proposed law authorizes a refundable credit against La. income tax for businesses that pay any of the following:

- (1) Compensation to any employee during any period in which the employee is engaged in inactive duty training, referred to hereafter as "IDT compensation".
- (2) A reservist differential to any employee.

Proposed law provides that the term "inactive duty training" has the meaning ascribed in federal law relative to veterans' benefits (38 U.S.C. 101). Proposed law defines "reservist differential" as a payment made by a private employer to an employee who is a member of the La. National Guard or any reserve component of the U.S. armed forces during periods when that employee is called or ordered to active duty. The amount of the reservist differential is equal to the amount by which the employee's projected earnings from his civilian employer for a covered pay period exceeds his actual military pay and allowances allocable to that pay period.

Proposed law provides that the amount of the credit shall equal the combined total of all IDT compensation paid to employees plus all reservist differential amounts paid to employees during the taxable period or \$5,000, whichever is less.

Proposed law limits the total amount of credits granted pursuant to proposed law in a calendar year to \$5M.

Proposed 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 the Dept. of Revenue shall refund the overpayment from taxes collected pursuant to present law.

Proposed law requires taxpayers claiming the credit to maintain all records necessary to verify their eligibility for the credit and for the amount of credit claimed. Provides that if requested by the Dept. of Revenue, a taxpayer shall submit to the department any records required to be maintained pursuant to proposed law.

Proposed law provides for claiming of the credit by corporations, individuals, estates, trusts, and entities not taxed as corporations.

Proposed law applies to taxable periods beginning on or after Jan. 1, 2026.

Proposed law prohibits credits from being earned for any taxable year beginning after Dec. 31, 2031.

Effective Jan 1. 2026

(Adds R.S. 47:6044)