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## DIGEST

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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)