

2025 Regular Session

HOUSE BILL NO. 195

BY REPRESENTATIVE BAYHAM

TAX/INCOME-INDIV/EXEMPT: Authorizes an income tax deduction for certain amounts of tip income

1 AN ACT

2 To enact R.S. 47:293(9)(a)(xxvii) and 297.26, relative to individual income tax; to authorize
3 a deduction from tax table income for tip income; to provide for definitions; to
4 provide for eligibility for the deduction; to provide for the amount of the deduction;
5 to provide for certain limitations; to provide for applicability; to provide for an
6 effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:293(9)(a)(xxvii) and 297.26 are hereby enacted to read as follows:

9 §293. Definitions

10 The following definitions shall apply throughout this Part, unless the context
11 requires otherwise:

12 * * *

13 (9)(a) "Tax table income", for resident individuals, means adjusted gross
14 income plus interest on obligations of a state or political subdivision thereof, other
15 than Louisiana and its municipalities, title to which obligations vested with the
16 resident individual on or subsequent to January 1, 1980, and less:

17 * * *

18 (xxvii) The deduction for tip income as authorized by R.S. 47:297.26.

19 * * *

1 §297.26. Tax deduction; tip income

2 A. There shall be allowed a deduction from tax table income for amounts of
3 tip income, as defined in Subsection B of this Section, that a resident taxpayer
4 receives in a taxable year.

5 B. For purposes of this Section, the term "tip income" shall mean the total
6 of all of the following amounts for any taxable year:

7 (1) The amount reported as "social security tips" on the taxpayer's IRS Form
8 W-2, or any successor to that form.

9 (2) The amount reported as "allocated tips" on the taxpayer's IRS Form W-2,
10 or any successor to that form.

11 (3) The amount of cash and charge tips received less the amount of cash and
12 charge tips reported to all employers as recorded on the taxpayer's IRS Form 4137,
13 or any successor to that form.

14 C. The deduction authorized in this Section for any taxpayer shall not exceed
15 twenty-five thousand dollars for any taxable year.

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

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

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)]

HB 195 Original

2025 Regular Session

Bayham

Abstract: Authorizes an income tax deduction for tip income.

Proposed law authorizes an income tax deduction for amounts of tip income that a resident individual taxpayer receives in a taxable year. Proposed law limits the amount of the deduction that any taxpayer may claim to \$25,000 for any taxable year.

Proposed law defines "tip income" as the total of all of the following amounts for any taxable year:

(1) The amount reported as "social security tips" on the taxpayer's IRS Form W-2, or any successor to that form.

- (2) The amount reported as "allocated tips" on the taxpayer's IRS Form W-2, or any successor to that form.
- (3) The amount of cash and charge tips received less the amount of cash and charge tips reported to all employers as recorded on the taxpayer's IRS Form 4137, or any successor to that form.

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

Effective Jan. 1, 2026.

(Adds R.S. 47:293(9)(a)(xxvii) and 297.26)