

2025 Regular Session

HOUSE BILL NO. 198

BY REPRESENTATIVE KNOX

TAX/INCOME-INDIV/EXEMPT: Authorizes an income tax deduction for tip income earned by taxpayers at or below certain income levels

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 certain tip income; to provide for eligibility  
4 for the deduction; to provide for the amount of the deduction; to provide for  
5 termination of the deduction; to provide for definitions; to provide for applicability;  
6 to provide for an 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 \* \* \*



1           (d) If the taxpayer's adjusted gross income is greater than sixty-three  
2           thousand dollars but equal to or less than sixty-four thousand dollars, the amount of  
3           the deduction shall be forty percent of tip income.

4           (e) If the taxpayer's adjusted gross income is greater than sixty-four thousand  
5           dollars but equal to or less than sixty-five thousand dollars, the amount of the  
6           deduction shall be twenty percent of tip income.

7           (f) No taxpayer shall be eligible for the deduction authorized by this  
8           Paragraph if his adjusted gross income in the taxable year is greater than sixty-five  
9           thousand dollars.

10           (2) The provisions of this Paragraph shall apply to any taxpayer who uses a  
11           filing status of married-joint or qualified surviving spouse. The amount of the  
12           deduction shall be as follows:

13           (a) If the taxpayer's adjusted gross income is equal to or less than one  
14           hundred twenty-two thousand dollars, the amount of the deduction shall be one  
15           hundred percent of tip income.

16           (b) If the taxpayer's adjusted gross income is greater than one hundred  
17           twenty-two thousand dollars but equal to or less than one hundred twenty-four  
18           thousand dollars, the amount of the deduction shall be eighty percent of tip income.

19           (c) If the taxpayer's adjusted gross income is greater than one hundred  
20           twenty-four thousand dollars but equal to or less than one hundred twenty-six  
21           thousand dollars, the amount of the deduction shall be sixty percent of tip income.

22           (d) If the taxpayer's adjusted gross income is greater than one hundred  
23           twenty-six thousand dollars but equal to or less than one hundred twenty-eight  
24           thousand dollars, the amount of the deduction shall be forty percent of tip income.

25           (e) If the taxpayer's adjusted gross income is greater than one hundred  
26           twenty-eight thousand dollars but equal to or less than one hundred thirty thousand  
27           dollars, the amount of the deduction shall be twenty percent of tip income.



<i>Filer's AGI</i>	<i>Tip Deduction Amount</i>
\$61,000 or less (\$122,000 or less for married joint filers and surviving spouses)	100%
\$61,001 to \$62,000 (\$122,001 to \$124,000 for married joint filers and surviving spouses)	80%
\$62,001 to \$63,000 (\$124,001 to \$126,000 for married joint filers and surviving spouses)	60%
\$63,001 to \$64,000 (\$126,001 to \$128,000 for married joint filers and surviving spouses)	40%
\$64,001 to \$65,000 (\$128,001 to \$130,000 for married joint filers and surviving spouses)	20%

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

Proposed law terminates on the effective date of any amendments to the Internal Revenue Code which eliminate the application of the federal income tax to any amounts of tip income.

Effective Jan. 1, 2026.

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