
DIGEST

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HB 198 Original

2025 Regular Session

Knox

Abstract: Authorizes an income tax deduction for tip income for resident individual filers with adjusted gross incomes (AGI) at or below certain levels.

Proposed law authorizes an income tax deduction, subject to limitations provided in proposed law, for amounts of tip income that a resident individual taxpayer receives in a 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 limits eligibility for the deduction for tip income to married joint filers and qualified surviving spouses with AGI of \$130,000 or less and all other filers (those using a filing status of single, head of household, or married-separate) with incomes of \$65,000 or less. The amount of the deduction decreases as a filer's AGI increases as follows:

<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)