



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 133** HLS 25RS 712
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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| Date: April 3, 2025 6:04 PM | Author: WILLARD |
| Dept./Agy.: Department of Revenue | Analyst: Noah O'Dell |
| Subject: Earned Income Tax Credit | |

TAX CREDITS OR -\$64,600,000 GF RV See Note Page 1 of 1
 Increases the amount of the earned income tax credit

Current law provides a refundable credit against individual income tax equal to 5% of the federal Earned Income Tax Credit (EITC) for which the taxpayer is eligible. Current law provides that for tax years beginning after December 31, 2030, the state credit will equal 3.5% of the federal credit.

Proposed law doubles the state credit to 10% of the federal credit, applicable for tax years beginning on or after January 1, 2026. Proposed law retains provisions in current law for the size of the credit for tax year 2031 and beyond.

Effective January 1, 2026

| EXPENDITURES | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 5 -YEAR TOTAL |
|---------------------|------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| REVENUES | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 5 -YEAR TOTAL |
| State Gen. Fd. | \$0 | (\$64,600,000) | (\$69,300,000) | (\$71,400,000) | (\$72,800,000) | (\$278,100,000) |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | (\$64,600,000) | (\$69,300,000) | (\$71,400,000) | (\$72,800,000) | (\$278,100,000) |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The bill is anticipated to effectively double the EITC credits issued by the state, beginning in tax year 2026 and continuing through tax year 2030. The anticipated revenue impact in FY 27 is a general fund reduction* of approximately \$64.6 M due to the proposed law in FY 27, increasing to an estimated \$72.8 M in FY 30. Similar impacts will continue beyond the fiscal note horizon to FY 31. This projection is based on the 2023-2024 Tax Exemption Budget (TEB) data. LFO will update the fiscal note when LDR releases the 2024-2025 TEB.

Based on data from the 2023 federal returns reported by the Internal Revenue Service (IRS), about 451,000 Louisiana filers claimed a federal EITC credit, which made them eligible for the state credit. LDR has historically noted that 94% of eligible EITC claims are typically made in the year of eligibility, 5% in the following year, and the remaining 1% in the 2nd following year. The impacts reflected in the table above incorporate historical patterns in EITC claiming, and an assumption of modest future growth in EITC participation.

* The SGF impact may originate as the LDR retention of 1% of income and sales tax collections initially classified as SGR but ultimately reverted to the SGF for use in the budget. Should LDR reversions cease, this could become an SGR impact.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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