



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: SB 13 SLS 25RS 140

Bill Text Version: ORIGINAL

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 3, 2025	6:36 PM	Author: FOIL
Dept./Agy.: Department of Revenue / Board of Regents		
Subject: Individual Income Tax Deduction: START K12 Program		Analyst: Noah O'Dell

TAX EXEMPTIONS

OR DECREASE GF RV See Note

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Increases the individual income tax exemption for deposits into the START K12 Program accounts. (8/1/25)

Current law allows for the deduction of certain amounts deposited into the LA Student Tuition Assistance and Revenue Trust Kindergarten Through Grade Twelve (START K12) savings accounts from taxable income. These savings accounts may only be used to pay for tuition expenses associated with enrolling students in elementary or secondary school. The deduction is capped annually at \$1,200 for single filers and \$2,400 for joint filers per beneficiary. Unused amounts below the annual per filer cap roll over to subsequent years for years in which a deposit is made. No program cap on participation or maximum aggregate deductions exists.

Proposed law doubles the START K12 maximum deduction allowed from \$1,200 to \$2,400 and \$2,400 to \$4,800 for taxpayers filing single returns and joint returns, respectively. The increased deduction will apply beginning in tax year 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	DECREASE	DECREASE	DECREASE	DECREASE	\$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

EXPENDITURE EXPLANATION

The Department of Revenue (LDR) is anticipated to incur estimated costs of \$13,100 SGR in FY 27 related to computer system development, modification, and testing. The department reports the ability to absorb this amount within its current budget but may require additional resources if the aggregate impact of all bills enacted during this session is substantive.

There is no anticipated direct material effect on governmental expenditures for the Board of Regents, Louisiana Office of Student Financial Assistance (LOFSA) from the bill. LOFSA administers the program under the supervision of the Louisiana Trust Authority and is expected to experience negligible one-time costs in FY 26 associated with with updating publications, but these costs can be absorbed in the existing budget.

To the extent the bill increases the number of accounts, account administration workload may potentially increase, though this could also occur as the recently implemented program becomes more broadly utilized.

REVENUE EXPLANATION

The bill is anticipated to decrease SGF revenue* beginning in FY 27 when 2026 tax returns are first filed. The bill increases the maximum deduction for deposits into START K12 savings accounts from \$1,200 to \$2,400 per beneficiary per year for taxpayers filing single returns and from \$2,400 to \$4,800 for joint returns.

The simple revenue impact of the bill would be to approximately double the revenue loss of a fully ramped-up START K12 program. However, the program has been in place since tax year 2022 or 3 tax years and may not have reached its maximum participation even under current law. Along with the potential of a growing base, the revenue loss associated with the bill is dependent upon voluntary participation of taxpayers in the program and the extent to which taxpayers can contribute additional savings towards the higher deduction limits in the bill. No program cap on participation or maximum aggregate deductions exists in current or proposed law leaving the potential for a notable exposure to the state fisc.

For informational purposes, LDR reports the program had an associated revenue loss of \$112,426 in FY 24, and \$50,575 in FY 23. LOFSA reports as of 1/31/2025, there were 4,299 active START K12 accounts.

* 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.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	<div>Deborah Vivien Chief Economist</div>