



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 168** HLS 25RS 439
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 7, 2025	2:43 PM	Author: YOUNG
Dept./Agy.: Dept. of Revenue		
Subject: Income Tax Deductions: NIL for Athletes & Corporations		Analyst: Noah O'Dell

TAX/INCOME TAX OR DECREASE GF RV See Note Page 1 of 1

Authorizes income tax deductions for income earned by an intercollegiate athlete and compensation paid by a taxpayer for use of an intercollegiate athlete's name, image, or likeness

Proposed law authorizes two income tax deductions: (1) An individual income tax deduction for compensation earned by an intercollegiate athlete while attending a postsecondary education institution for use of the athlete’s name, image, or likeness (NIL) and (2) a corporate income tax deduction for compensation paid by the taxpayer to athletes for use of the athlete’s NIL. Postsecondary education institutions include public institutions and nonpublic institutions that receive or disburse any form of state financial assistance, including scholarships and grants. The amount of each deduction is equal to the actual amount of compensation provided/received, up to \$12,500 per athlete, for use of the athlete’s NIL. LDR may promulgate rules and regulations necessary to implement the deduction.

Effective to tax years beginning on or after 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	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 one-time expenditures of \$52,750 for minor system design updates, testing, and system development in support of tax return modifications. The department is able 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.

REVENUE EXPLANATION

The bill can only serve to decrease general fund revenue* which would begin in FY27 when 2026 tax returns are filed, though the LFO has no basis for estimating the exact revenue loss in future years. The uncertainty is due to a variety of factors which include (1) the number of athletes attending postsecondary education institutions (public and private) that will receive NIL deals in future years since these are relatively new to college athletics, (2) the dollar amounts of prospective NIL deals in future years, and (3) the tax liability of the eligible athletes and corporations. The bill limits the deduction to \$12,500 for compensation earned by the athlete and \$12,500 (per athlete) for compensation paid by the corporation.

While the bill does not limit the deduction to athletes attending public universities, LFO reached out to the four higher education systems regarding NIL deal amounts and the number of athletes who received them during the 2024-2025 school year. Athletes are required to report NIL deals in excess of \$600 to the institution and, in total, about \$17M was reported for 427 athletes, varying widely among systems.

Utilizing the weighted average compensation per athlete per system and applying corporate and individual income tax rates, LFO estimates potentially \$350,000 in SGF revenue loss if these deals took place under current law. This estimate does not include NIL deals less than \$600 and NIL deals that may be earned by an unknown number of athletes at private higher education institutions. To the extent NIL deals increase in size or scope in future fiscal years and tax is due on this income earned by these athletes, this would further reduce SGF revenue throughout the fiscal horizon.

* The SGF impact may originate as the LDR retention of 1% of income 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.

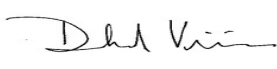
Senate

Dual Referral Rules

House

- ☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
- ☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

- ☐ 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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