# LEGISLATIVE FISCAL OFFICE
## Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB 166** HLS 25RS 307

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

**Date:** May 7, 2025 2:50 PM **Author:** MCMAKIN

**Dept./Agy.:** Dept. of Revenue

**Subject:** Income Tax Deduction: NIL for Collegiate Athletes **Analyst:** Noah O'Dell

TAX/INCOME TAX OR DECREASE GF RV See Note 

Authorizes an individual income tax deduction for compensation earned by certain intercollegiate athletes for use of their name, image, or likeness

Proposed law allows for 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). 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 the deduction is equal to the actual amount of compensation earned for use of the athlete's NIL. No limit on the total amount a taxpayer can deduct exists. The Department of Revenue (LDR) may promulgate rules and regulations necessary to implement the deduction.

Effective January 1, 2026 and applicable 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. The bill contains no maximum limit on the amount of income each individual taxpayer may deduct.

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.

As an illustration of potential exposure, if all of this income were subject to state income tax, the deduction would result in SGF revenue loss of approximately $510,000 ($17M x 0.03 income tax rate). 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.

Note: 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} | | [ ] 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S} |
| [x] 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H} | | [ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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