



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 159** SLS 25RS 275
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action: **w/ HSE COMM AMD**
Proposed Amd.:
Sub. Bill For.:

Date: June 3, 2025	2:02 PM	Author: CATHEY
Dept./Agy.: Department of Revenue		
Subject: Extends the Digital Nomad Income Tax Exemption		Analyst: Noah O'Dell

TAX EXEMPTIONS EG1 DECREASE GF RV See Note Page 1 of 1
Extends the sunset date of the digital nomad income tax exemption. (8/1/25)

Current law provides an exemption from individual income tax for 50% of gross wages attributable to remote work, up to \$150,000, of defined digital nomad persons. The exemption applies for two of the four taxable years of between 2022 and 2025. Participants must not have resided in the state for any of the prior three years, establish residency after Dec. 31, 2021, work remotely full-time for a nonresident business, and have medical insurance. The Department of Revenue (LDR) is required to limit the number of participating individuals to 500 for the life of the program.

Proposed law extends the program for two years through tax year 2027 and expands the definition of a digital nomad to include full-time employees of nonresident units or divisions of a business legally domiciled in Louisiana that has insubstantial Louisiana-based business activity.

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	\$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

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

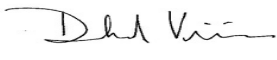
REVENUE EXPLANATION
The bill is anticipated to decrease general fund revenue beginning in FY27 when 2026 tax returns are filed and extending into FY28 as returns for tax year 2027 are filed. The bill does not change the amount of the exemption. It extends the current exemption for 2 years and appears to relax the restrictions related to the types of businesses a digital nomad may employed by to include legally domiciled businesses that have "insubstantial" business activity based in the state.

LDR reports negligible participation since the program inception with about \$12,000 in foregone taxes in FY 24. Assuming a consistent degree of participation over the two additional years of the program, SGF revenue would be expected to decline by a minimal amount.

However, should the newly expanded criteria of nonresident businesses allow additional taxpayers to qualify through the program, this would further decrease the revenue loss associated with the income tax exemption. LFO has no basis for estimating the number of additional participants who will qualify for the program under legally domiciled businesses that have insubstantial Louisiana-based business activity. The maximum exposure of the program is significantly large, roughly \$4.3M over two years and, and should claims increase, SGF revenue would decline.

It is not clear if digital nomads would relocate to Louisiana for the exemption or come to the state for other reasons, then take advantage of the exemption. Should the exemption result in relocations that otherwise would not have occurred, an increase in state income tax that is not exempt may offset some of the stated loss.

Note: 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}	Deborah Vivien Chief Economist