



## LOUISIANA LEGISLATURE

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### **LEGISLATORS ADJOURN SPECIAL SESSION ON TAX REFORM**

*Leadership points to the people of Louisiana as biggest winners*

BATON ROUGE, La. – Legislators adjourned the 3<sup>rd</sup> Special Session of 2024 ahead of schedule adopting several bills focused on improving Louisiana’s tax structure and returning more money to its citizens. Lawmakers had until Monday, at 6:00 p.m. to complete their work on tax reform, but instead finished just before 3:30 pm today.

Legislation headed to the governor’s desk for signature includes but is not limited to reducing both personal and corporate income taxes for everyone, doubling the standard tax deductions for seniors, getting rid of the state’s corporate franchise tax, making permanent a \$2,000 teacher pay raise and advancing a constitutional amendment giving lawmakers more flexibility to reduce taxes in the future.

“Improving Louisiana’s tax policies optimizes our state for growth,” said Senate President J. Cameron Henry. “The package of bills we delivered to the Governor will undoubtedly stimulate economic growth and change the state’s overall trajectory. I’m proud of the hard work of the Senate and appreciate our lawmakers for taking the time to come back to Baton Rouge to stabilize our budget ahead of 2025.”

“As we continue to work together to stop the outward migration people from Louisiana, it was imperative that we address the \$700 million dollar upcoming fiscal cliff, cut taxes by over \$500 million dollars, lower income taxes for everyone and give teachers a permanent raise,” said Speaker of the House Phillip DeVillier. “I’m honored to be a part of this Legislature as we advance this critical work and I know we’ll continue to consider similar reforms during the regular session in just five months.”

“Our goal was to make sure our people are able to keep more of their hard earned income, improve Louisiana’s business climate and limit the growth of government moving forward. We came up with a plan to reset the state and we’ve checked many of the boxes,” said House Ways and Means Committee Chair Julie Emerson. “In the future, we aim to spur economic growth,

lower our sales tax rate, and continue to move toward our goal of zero personal income tax. Overall this session has moved the needle in a positive direction.”

“Active participation from the public and business leaders during this session directed much of the work in the Senate,” said Senate Revenue and Fiscal Affairs Chair Franklin Foil. “The final package represents a collaborative effort that honors the big goal of moving Louisiana up in the rankings.”

Looking ahead, voters across the state will now consider adopting the constitutional amendment passed by the Legislature addressing tax reform during a March 29, 2025 statewide election. The amendment rewrites significant portions of the budget and taxation sections of state constitution including the merger of several accounts that will further help the state lower personal and corporate income tax rates. The amendment also gives local government the ability to opt out of collecting inventory taxes and provides the funding mechanism for permanent teacher pay raises.

Bills of interest passed during the special session include:

- **HB 2 (CORPORATE INCOME)** – Reduces tax rate for corporations from 7.5% to a flat rate of 5.5 % and phases out many credits, deductions and exemptions
- **HB 3 (CORPORATE FRANCHISE)** – Eliminates the corporate franchise tax
- **HB 5 (TEACHER PAY)** – Provides a permanent \$2,000 pay raise for teachers and a \$1,000 increase for other employees using savings from debt payments to the Teacher’s Retirement System
- **HB 7 (CONSTITUTIONAL AMENDMENT)** – Rewrites certain portions of the budget and tax sections of the constitution (Article VII) and limits growth in future state spending
- **HB 8 (DIGITAL SERVICES)** – Modernizes the state’s sales tax code by including apps, streaming services, software, digital books and music
- **HB 10 (PERSONAL & STATE SALES TAXES)**
  - Lowers personal income taxes to a flat rate of 3%
  - Sets the state’s sales tax rate at 5.0% for 5-years, then reduces it to 4.75%

“Making sure everyone who pays income taxes sees a reduction is a big win for the people of Louisiana,” said Representative Mark Wright, who authored HB 10. “This Legislature managed to reduce the state’s regressive personal income tax rates from 1.85%, 3.5% and 4.25% to a flat rate of 3% for everybody while increasing the standard deduction ensuring everyone in Louisiana pays less, and the lowest wage earners won’t pay any income tax.”

“Modernizing our tax structure and broadening our base through the inclusion of digital services was an important accomplishment this session,” said Vice Chair Ken Brass, who sponsored the digital goods legislation. “Louisiana now joins 44 other states in making this adjustment, bringing our state’s tax policies more in line with the rest of the country and allowing locals to fund critical services like education, law enforcement and government.”

A full listing of instruments can be found at [www.legis.la.gov](http://www.legis.la.gov). Looking ahead, the 2025 Regular Legislative Session will convene on Monday, April 14, 2025.

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