



This Week in State Tax (TWIST)

October 28, 2024



Louisiana: Governor Considers Post-Election Special Session on Tax Reform

Governor Jeff Landry is planning to convene a special legislative session in November 2024 to consider a wide-ranging state tax reform plan he has put forth. The reform is occasioned, in part, by a pending budget shortfall next year as certain temporary tax increases expire; it also reflects the Governor's aim to reduce reliance on income taxes, flatten the income tax rate structures, and broaden the sales tax base. Discussions of the details of the plan are ongoing with the legislature. Based on information released at this point (in the form of draft bills drafted by the Department of Revenue), some of the major features include:

- **Business taxes** – The reform proposes to repeal the state corporation franchise tax effective January 1, 2026. It would also move to a flat rate corporate income tax of 3.5 percent plus allow the immediate expensing of certain asset purchases and research expenses and repeal certain existing income tax credits (e.g., work opportunity credit, motion picture credit, and angel investor).
- **Individual income taxes** – The Governor's proposal would move to a flat personal income tax of 3 percent applicable to all income in excess of a standard deduction of \$12,500 single and \$25,000 married or head of household returns.
- **Sales taxes** – The draft legislative language includes an expansion of the state and local sales and use tax to a range of personal services as well as the repair, modification, maintenance, and installation of tangible personal property, but not to remodeling and new construction. It also expands base to various digital products, products transferred electronically, and certain services such as remotely accessed software, select information services, electronic research and data retrieval, credit reports, private investigation, and lobbying. The proposal does include exemptions for certain software and services used in the production process or used exclusively in an "enterprise software system." Finally, the draft bill would include telecommunications services in the local tax base. The proposal does not change the administration of local sales taxes.

For further information on the proposed Louisiana reform, contact [Randy Serpas](#) and stay tuned to TWIST. Further information (including draft bills) is available on the [Louisiana Department of Revenue](#) website.

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