

RÉSUMÉ DIGEST

ACT 336 (HB 300)

2017 Regular Session

Davis

Existing law authorizes an income and corporation franchise tax credit for certain taxpayers who employ 50 or more persons and claim a federal income tax credit for increasing research activities. This tax credit is also available for taxpayers who employ fewer than 50 employees if the employer meets certain eligibility requirements.

Prior law authorized the following credits as a percentage of increased research expenses for a taxpayer who employed the following number of employees:

Number of Employees	Tax Credit
100 or more	8% less the base amount
50-99	20% less the base amount
fewer than 50	40% less the base amount

New law changes the percentage of the amount of the tax credit as follows:

Number of Employees	Tax Credit
100 or more	5% less the base amount
50-99	10% less the base amount
fewer than 50	30% less the base amount

Prior law allows a taxpayer receiving a federal Small Business Innovation Research Grant to be eligible for a tax credit equal to 40% of the award received during the tax year.

New law reduces the amount of the tax credit from 40% to 30% of the award received during the tax year and adds eligibility for the tax credit to taxpayers who receive Phase I or Phase II grants from the Federal Small Business Technology Transfer program.

New law authorizes credits based on participation in the Small Business Technology Transfer Program or the Small Business Innovation Research Grant program for 2018 and thereafter that were not previously claimed by any taxpayer against income tax liability to be transferred or sold to one or more La. taxpayers. To utilize the transferred tax credit, new law requires transferors and transferees to submit written notification of any transfer or sale of this tax credit within 10 business days after the transfer or sale to the Dept. of Revenue (DOR). The notification submitted to DOR shall include a transfer processing fee of \$200 per transferee.

New law prohibits a tax credit transfer or sale from being effective until recorded in the tax credit registry in accordance with existing law.

New law authorizes carryforward of the credit beginning on the date on which the credit was earned, regardless of when the credit was transferred or sold.

Prior law defined "base amount" for purposes of calculating the amount of the credits as 70% of the average annual qualified research expenses in La. during the 3 years preceding the taxable year.

New law redefines "base amount" depending upon the number of persons the taxpayer employs and increases the "base amount" for purposes of a taxpayer that employs 50 or more persons from 70% to 80% of the average annual qualified research expenses in La. during the three years preceding the taxable year.

New law decreases the "base amount" for purposes of a taxpayer that employs less than 50 persons from 70% to 50% of the average annual qualified research expenses in La. during the three preceding taxable years.

Prior law prohibited tax credits for research expenditures incurred or Small Business Innovation Research Grant funds received after Dec. 31, 2019.

New law extends the sunset of the credit from research expenditures incurred or funds received after Dec. 31, 2019, to research expenditures incurred or funds received after Dec. 31, 2021, and adds funds received from the federal Small Business Technology Transfer Program to eligibility of the credit.

New law applies to tax years beginning on or after Jan. 1, 2017.

Effective upon signature of governor (June 22, 2017).

(Amends R.S. 47:6015(C)(2), (D), (E)(1), and (J))