

2019 Regular Session

HOUSE BILL NO. 480

BY REPRESENTATIVE DAVIS

TAX CREDITS: Increases the amount of the research and development tax credit, authorizes transferability and a state buy-back on the credit, and extends the sunset provision

1 AN ACT

2 To amend and reenact R.S. 47:6015(C)(2)(c), (D), and (J), relative to income and franchise
3 tax credits; to provide with respect to the research and development tax credit; to
4 provide for the amount of the credit; to authorize the transferability of the tax credit
5 under certain circumstances; to provide for applicability; to provide for an effective
6 date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6015(C)(2)(c), (D), and (J) are hereby amended and reenacted to
9 read as follows:

10 §6015. Research and development tax credit

11 * * *

12 C.

13 * * *

14 (2) The amount of the credit authorized in this Section shall be equal to
15 either:

16 * * *

17 (c) ~~Thirty~~ Forty percent of the difference, if any, of the Louisiana qualified
18 research expenses for the taxable year minus the base amount, if the taxpayer is an
19 entity that employs less than fifty persons.

20 * * *

1 D.(1) A taxpayer who receives a Phase I or II grant from the federal Small
2 Business Technology Transfer Program or a federal Small Business Innovation
3 Research Grant as created by the Small Business Innovation Development Act of
4 1982 (P.L. 97-219), reauthorized by the Small Business Research and Development
5 Enhancement Act (P.L. 102-564), and reauthorized again by the Small Business
6 Reauthorization Act of 2000 (P.L. 106-554) shall be allowed a tax credit in an
7 amount equal to ~~thirty~~ forty percent of the award received during the tax year.

8 (2)(a) In addition to the credit utilization allowed by Paragraph (C)(3) of this
9 Section, research and development tax credits for tax years 2018 and later that are
10 based on participation in the Small Business Technology Transfer Program or the
11 Small Business Innovation Research Grant program and that were not previously
12 claimed by any taxpayer against his income or corporation franchise tax may be
13 transferred or sold to another Louisiana taxpayer, subject to the following conditions:

14 ~~(a)~~(i) A single transfer or sale may involve one or more transferees. A
15 transferee of the tax credits may transfer or sell such tax credits subject to the
16 conditions of this Paragraph.

17 ~~(b)~~(ii) Transferors and transferees shall submit to the Department of Revenue
18 in writing, a notification of any transfer or sale of tax credits within ten business days
19 after the transfer or sale of such tax credits. No transfer or sale of tax credits shall
20 be effective until recorded in the tax credit registry in accordance with R.S. 47:1524.
21 The notification shall include the transferor's tax credit balance prior to transfer, a
22 copy of any tax credit certification letter issued by the Department of Economic
23 Development, the transferor's remaining tax credit balance after transfer, all tax
24 identification numbers for both transferor and transferee, the date of the transfer, the
25 amount transferred, a copy of the credit certificate, the price paid by the transferee
26 to the transferor, and any other information required by the Department of Revenue.
27 The notification submitted to the Department of Revenue shall include a transfer
28 processing fee of two hundred dollars per transferee.

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

Proposed law changes present law by increasing the the amount of the percentage for a taxpayer who employs fewer than 50 employees from 30% to 40%.

Present law allows a taxpayer receiving a federal Small Business Innovation Research Grant a tax credit in an amount equal to 30% of the award received during the tax year. Proposed law increases the tax credit from 30% to 40% of the award received during the tax year.

Present law authorizes credits based upon participation in the Small Business Innovation Research Grant program to be transferred or sold to one or more La. taxpayers. To utilize the transferred tax credit, present law requires transferors and transferees to submit to the Dept. of Revenue written notification of any transfer or sale of this tax credit within 10 business days after the transfer or sale.

Proposed law retains present law but extends authorization to transfer tax credits to employers who employ fewer than 50 persons and meet other eligibility requirements.

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

Present law prohibits the payment of credits for research expenditures incurred, Small Business Technology Transfer Program funds received or Small Business Innovation Research Grant funds received after Dec. 31, 2021.

Proposed law extends the sunset of the program from Dec. 31, 2021 to Dec. 31, 2023.

Effective Jan. 1, 2020, and applicable to tax years beginning on and after Jan. 1, 2020.

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