
DIGEST

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HB 480 Original

2019 Regular Session

Davis

Abstract: Extends the research and development tax credit program for two years, increases the amount of the tax credit from 30% to 40%, and authorizes for transferability and a state direct buy-back of the credit.

Present 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 tax payers who employ fewer than 50 employees if the employer meets certain eligibility requirements.

Present law authorizes the following credits as a percentage of increased research expenses for a taxpayer who employs the following number of employees:

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))