

SENATE COMMITTEE AMENDMENTS

2019 Regular Session

Amendments proposed by Senate Committee on Revenue and Fiscal Affairs to Reengrossed House Bill No. 83 by Representative Jimmy Harris

AMENDMENT NO. 1

On page 1, line 2, delete "R.S. 47:6019(A)(1)(a) and (C) and to enact R.S. 47:6019(A)(1)(e)" and insert "R.S. 47:6019(A)(1), (B), and (C) and to enact R.S. 47:6019(D)"

AMENDMENT NO. 2

On page 1, line 5, delete "granted" and insert "reserved"

AMENDMENT NO. 3

On page 1, line 6, delete "awarding" and insert "reservation"

AMENDMENT NO. 4

On page 1, line 9, delete "R.S. 47:6019(A)(1)(a) and (C)" and insert "R.S. 47:6019(A)(1), (B), and (C)"

AMENDMENT NO. 5

On page 1, line 10, delete "R.S. 47:6019(A)(1)(e)" and insert "R.S. 47:6019(D)"

AMENDMENT NO. 6

On page 1, delete lines 12 through 19, and on page 2, delete lines 1 through 15, and insert:

"A.(1)(a) There shall be a credit against income and corporation franchise tax for the amount of eligible costs and expenses incurred during the rehabilitation of a historic structure located in a downtown development or a cultural district.

(i) The amount of the credit shall equal twenty-five percent of the eligible costs and expenses of the rehabilitation incurred prior to January 1, 2018, regardless of the year in which the property is placed in service.

(ii) The amount of the credit shall equal twenty percent of the eligible costs and expenses of the rehabilitation incurred on or after January 1, 2018, and before January 1, 2022, regardless of the year in which the property is placed in service.

(iii) The amount of the credit shall equal twenty-five percent of the eligible costs and expenses of the rehabilitation incurred on or after January 1, 2022, regardless of the year in which the property is placed in service.

(iv) No credit is authorized pursuant to this Section for expenses incurred on or after January 1, ~~2022~~ 2030.

(b) The tax credit for qualified rehabilitation expenditures is earned only in the year in which the property attributable to the expenditures is placed in service. The amount of the tax credit shall be determined according to the values provided for in Subparagraph (a) of this ~~Subsection~~ Paragraph.

(c) No taxpayer, or any entity affiliated with such taxpayer, shall claim more than five million dollars of credit annually for any number of structures rehabilitated with a particular downtown development or cultural district.

(d) The tax credit shall not be allowed for the rehabilitation costs and expenses that are paid for with state or federal funds, unless the state or federal funds are reported as taxable income or are structured as repayable loans.

(e) In order to claim the tax credit provided for in this Section, the applicant shall apply for certification from the secretary of the Department of Revenue that the project is a certified rehabilitation, as determined by the state historic preservation office, and that the project meets all other requirements, as provided in rules and regulations promulgated by the Department of Revenue. Credit certification applications shall be submitted

1 electronically and shall include an approved Part 3–Request for Certification
2 of Completed Work, qualified rehabilitation expenditure verification report,
3 and all other documentation required in rules and regulations promulgated by
4 the Department of Revenue.

5 (f) A tax credit certification for qualified rehabilitation expenditures
6 may exceed the reservation amount issued to an applicant under Subsection
7 B of this Subsection by no more than five percent. This excess tax credit will
8 reduce the maximum amount of credits that can be reserved for the year in
9 which the rehabilitated historic structure is placed in service or for the next
10 year for which the maximum amount of credits have not been reserved.
11 Notwithstanding Subparagraph (b) of this Paragraph, this excess tax credit
12 shall be considered to be earned in the year for which the reservation amount
13 is reduced.

14 * * *

15 B.(1) For State of Louisiana Commercial Rehabilitation Tax Credit
16 Part 2 applications received by the Department of Culture, Recreation and
17 Tourism on or after January 1, 2022, the tax credits provided by this Section
18 shall be reserved.

19 (a) The maximum amount of credits available to be reserved shall not
20 exceed three hundred million dollars per calendar year. If the amount of tax
21 credit reservations issued in a calendar year is less than three hundred million
22 dollars, the excess reservation amount shall not be available for issuance in
23 any subsequent year. If a tax credit reservation is forfeited, the forfeited
24 reservation amount shall not be available for issuance.

25 (b) Reservations of credits shall be first-come first-served based upon
26 the date of submission of a completed reservation application.

27 (c) If the total amount of credit reservations applied for in any
28 calendar year exceeds the amount of tax credits available to be reserved for
29 that year, the excess shall be treated as having been applied for on the first
30 day of the subsequent calendar year.

31 (d) All reservation applications received on the same business day
32 shall be treated as received at the same time, and if the aggregate amount of
33 the requests received on a single business day exceed the total amount of
34 available tax credit reservations, tax credits shall be reserved on a pro rata
35 basis.

36 (e) The Department of Culture, Recreation and Tourism shall make
37 reasonable efforts to post an estimate of available credit reservation amounts
38 on its website.

39 (2) An applicant seeking to reserve a tax credit pursuant to this
40 Subsection, shall submit a reservation application to the Department of
41 Culture, Recreation and Tourism on a form prescribed by the State Historic
42 Preservation Officer. The reservation application shall be determined in rules
43 and regulations promulgated in accordance with the Administrative
44 Procedure Act. by the Department of Culture, Recreation and Tourism in
45 consultation with the Department of Revenue. An applicant shall, at the time
46 of the submission of the reservation application, either own the real property
47 for which the tax credit is to be reserved, or be a party to a written purchase
48 contract, written option contract, written lease-purchase contract, or written
49 lease for the property.

50 (3) The Department of Culture, Recreation and Tourism shall issue
51 reservations of tax credits within thirty days from the date properly
52 completed reservation applications were received and shall be issued in the
53 order in which properly completed reservation applications were received.
54 The reservation shall include the amount of credits reserved and the
55 applicable deadlines prescribed in Paragraph (4) of this Subsection.

56 (4)(a) Tax credit reservations issued pursuant to this Subsection shall
57 be forfeited if either:

58 (i) The rehabilitation of the historic structure does not commence
59 within twelve months of the issuance of the credit reservation.

60 (ii) The project is not placed in service twenty-four months from
61 December thirty-first of the year in which the rehabilitation commenced, or

1 if the Department of Culture, Recreation and Tourism determines that the
2 rehabilitation is to be completed in phases, the project is not placed in service
3 sixty months from December thirty-first of the year in which the
4 rehabilitation commenced.

5 (b) An applicant that forfeits a reservation of tax credits is permitted
6 to apply for a new reservation of credits.

7 (c) An applicant may amend an application at any time before the
8 historic structure is placed in service, and amendments will be submitted in
9 accordance with the provisions of this Subsection. Any amendment that does
10 not request an increased reservation amount shall not modify a previous
11 reservation. Any amendment requesting an additional reservation amount
12 shall be treated as a new application, but shall not modify any previous
13 reservation received with respect to such project.

14 B.C.(1) For purposes of this Section, the following words and phrases
15 shall have the meanings ascribed to them in this Subsection:

16 (a) "Cultural district" shall mean a district designated by a local
17 governing authority in accordance with law for the purpose of revitalizing a
18 community by creating a hub of cultural activity, including affordable artist
19 housing and workspace. The Department of Culture, Recreation and Tourism
20 shall develop standard criteria for cultural districts. Such criteria shall include
21 that the district must be geographically contiguous and distinguished by
22 cultural resources that play a vital role in the life and cultural development
23 of a community. The district shall focus on a cultural compound, a major art
24 institution, art and entertainment businesses, an area with arts and cultural
25 activities or cultural or artisan production and be engaged in the promotion,
26 preservation, and educational aspects of the arts and culture of the locale and
27 contribute to the public through interpretive and educational uses. The
28 Department of Culture, Recreation and Tourism may determine whether or
29 not a district complies with this definition.

30 (b) "Downtown development district" shall mean a downtown
31 development district or central business development district created by law,
32 pursuant to law, or by ordinance adopted prior to January 1, 2002, in a home
33 rule charter municipality.

34 (c) "Eligible costs and expenses" shall mean qualified rehabilitation
35 expenditures as defined in Section 47c(2)(A) of the Internal Revenue Code
36 of 1986, as amended, except that "substantially rehabilitated" shall mean that
37 the qualified rehabilitation expenditures must exceed ten thousand dollars.

38 (d) "Qualified rehabilitation expenditure verification report" means
39 a report issued by a qualified accountant who is unrelated to the tax credit
40 applicant and that is a report of the qualified accountant's verification of the
41 applicant's cost report of qualified rehabilitation expenditures. The qualified
42 rehabilitation expenditure verification report shall contain an opinion from
43 the qualified accountant stating that the applicant's cost report of qualified
44 rehabilitation expenditures presents fairly, in all material aspects, the
45 qualified rehabilitation expenditures expended pursuant to the provisions of
46 this Section. The qualified rehabilitation expenditure verification report shall:

47 (i) Be performed in accordance with the accounting standards
48 generally accepted in the United States.

49 (ii) Be addressed to the party that engaged the qualified accountant,
50 with a copy addressed to the motion picture production company or motion
51 picture investor tax credit applicant.

52 (iii) Contain the qualified accountant's name, address, and telephone
53 number.

54 (iv) Contain a certification that the qualified accountant is unrelated
55 to the tax credit applicant.

56 (v) Be dated as of the date of completion of the qualified accountant's
57 field work.

58 (vi) Contain a statement of acknowledgment by the qualified
59 accountant that the state is relying on the qualified rehabilitation expense
60 verification report in the certification of the tax credits under the provisions
61 of this Section.

1 (vii) Be submitted the Department of Revenue with the application
2 for certification of tax credits.

3 (2) Federal law terms. Except as otherwise provided or clearly
4 appearing from the context, any term used in this Section shall have the same
5 meaning as when used in a comparable context in federal law.

6 C. D. The provisions of this Section shall be effective for the taxable
7 years ending prior to January 1, ~~2022~~ 2030."