

GREEN SHEET REDIGEST

HB 4

2020 First Extraordinary Session

Magee

TAX CREDITS: Extends the date for eligible expenses to qualify for the tax credit for the rehabilitation of historic structures and extends the effectiveness of the credit (Item #19)

DIGEST

Present law authorizes an income and corporation franchise tax credit for the amount of eligible costs and expenses incurred during the rehabilitation of a historic structure located in a downtown development district or a cultural district. The amount of the credit is 20% of the eligible costs and expenses of the rehabilitation incurred before Jan. 1, 2022, and no taxpayer shall claim more than \$5 million of credit annually for any number of structures rehabilitated within a particular downtown development or cultural district. The credit is effective for taxable years ending prior to Jan. 1, 2022.

Proposed law retains present law but extends the date for which eligible expenses can qualify for the tax credit from costs and expenses incurred prior to Jan. 1, 2022, to costs and expenses incurred prior to July 1, 2023, and extends the effectiveness of the program from taxable years ending prior to Jan. 1, 2022, to fiscal years ending prior to July 1, 2023.

Proposed law reduces the credit percentage from 20% to 10%, but only for projects that submit their initial Part I application to the state historic preservation office on or after July 1, 2023.

Proposed law establishes an annual program cap of the greater of \$75 million or the amount specifically appropriated for the credit, but only for projects that submit their initial Part 1 application to the state historic preservation office on or after July 1, 2023. If the total allowable credits are not granted within a fiscal year, the excess amount of the cap will roll over to the subsequent year.

Proposed law provides that no more than 50% of the credits available under the annual program cap can be granted for projects within a single arts council region as those nine regions are defined by the Office of Cultural Development, Division of the Arts unless all of the credits available during a fiscal year are not granted by May first.

Proposed law provides for a required percentage of eligible costs and expenses incurred as compared to estimated costs and expenses as set forth in the Part 2-Proposed Work Description for the historic structure. If actual costs exceed 125% of the estimated Part 2 costs, the credit will be calculated using 125% of estimated costs instead of actual costs. If actual costs are less than 75% of estimated costs, no credit will be granted.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6019(A)(1)(a) and (C); adds R.S. 47:6019(A)(1)(e) and (f))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the engrossed bill

1. Reduces credit percentage to 10% for Part 1 applications submitted on or after July 1, 2020.
2. Establishes an annual fiscal year credit cap.
3. Limits granting of credits to no more than 50% of total annual cap per arts council region.

4. Limits credit based on comparison of actual versus estimated costs and expenses.