

RÉSUMÉ DIGEST

HB 37

2020 Second Extraordinary Session

Beaulieu

Proposed law would have authorized a one-time income tax credit for the amount of annual state license or permit fees imposed by the commissioner of alcohol and tobacco control and paid by the owners or operators of restaurant establishments and establishments licensed to sell or serve alcoholic beverages for consumption on their premises by paying customers.

Proposed law would have provided that in order for a taxpayer to be eligible for the credit, the total sales made by the taxpayer's business from March 1, 2020, through Dec. 31, 2020, must have been less than the total sales made by the taxpayer's business for those same dates in 2019 as a result of the operations of the business being interrupted by the COVID-19 pandemic. Additionally would have authorized eligible businesses that commenced operations on or after Aug. 1, 2019, to be eligible for the credit if their business operations were interrupted by the COVID-19 pandemic between March 1, 2020, and Dec. 31, 2020.

Proposed law would have required the submission of documentation to the secretary evidencing the taxpayer's total sales from March 1 through Dec. 31 for both the 2019 and 2020 taxable periods, the taxpayer's La. sales tax account number for each location of the taxpayer's business, the taxpayer's office of alcohol and tobacco control permit number for each location of the taxpayer's business, and any other documentation required by the secretary.

Proposed law would have exempted any eligible business that commenced operations on or after Aug. 1, 2019, from the requirement to produce documentation evidencing total sales for taxable periods in 2019.

Proposed law would have provided that the amount of the credit would have equaled the amount of the annual state license or permit fee for calendar year 2020. The renewal of annual state licenses or permits for calendar year 2020 would have also been eligible for the tax credit. If a license or permit was issued on a two-year basis, the amount of the credit would have been the equivalent of one-half of the total license or permit fee if any part of the license or permit authorized the business to be operational during calendar year 2020.

Proposed law would have authorized unused amounts of the tax credit to be carried forward as a tax credit against subsequent La. income tax liability for a period not to exceed three years and would have provided for the claiming of the credit.

Proposed law would have been applicable to income taxable periods beginning on or after Jan. 1, 2020.

(Proposed to add R.S. 47:6041)

VETO MESSAGE:

"Please be advised that I have vetoed House Bill 37 of the 2020 Second Extraordinary Session.

This bill would have established an income tax credit for restaurants and bars affected by the COVID-19 pandemic. However, I have already signed into law Senate Bill 72 of the Second Extraordinary Session, which became Act 60 and provides a one-time refundable income tax credit based on permit amounts for those businesses enumerated in House Bill 37. House Bill 37, as enrolled, is extremely broad in that any restaurant or bar that suffered an interruption in business due to COVID-19 would be eligible to receive the credit if their sales from the 2020 calendar year are less than sales from the 2019 calendar year. More simply put, restaurants that have had the ability to remain open to the public throughout the COVID response, whether through take-out or most recently through dine-in service, would be eligible for this income tax credit if the restaurant had to close because employees were quarantined. Furthermore, there are aspects of each piece of legislation that cannot co-exist. For example, Act 60 authorizes a one-time, refundable tax credit, whereas House Bill 37 would have authorized a one-time credit that could have been carried forward for three years."