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DIGEST

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HB 408 Engrossed

2023 Regular Session

Willard

**Abstract:** Exempts certain credit recipients from detailed examinations by the Dept. of Economic Development (DED), and authorizes certain taxpayers to receive incentives from multiple programs.

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 taxpayers 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 employed the following number of employees:

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

Proposed law retains present law.

Present law authorizes an additional tax credit for taxpayers who receive a federal Small Business Innovation Research (SBIR) Grant and Phase I or Phase II grants from the Federal Small Business Technology Transfer (STTR) program to be eligible for a tax credit equal to 30% of the award received during the tax year.

Proposed law retains present law but adds a reference to the SBIR and STTR Extension Act of 2022 (P.L. 117-183) which is the latest federal authorization for these grants and programs and specifies that the state tax credit extends to applicants who receive grants *or contracts* from these federal programs.

Proposed law defines "incentive" for purposes of present law as a tax credit, deduction, or exclusion administered by DED.

Present law requires DED, each year, prior to the issuance of credits, to perform a detailed

examination of at least 10% percent of all applications received. Further requires DED to select applications for examination based on a random sampling of applications, the applicant's business sector, or other selection criteria as determined by the department.

Proposed law retains present law but excepts applications submitted by participants receiving incentives pursuant to the SBTT program or the SBIR program from the random sampling of applications.

Present law prohibits a taxpayer that receives a credit for research activity expenditures pursuant to present law from receiving any other incentive administered by DED for the same expenditures.

Proposed law retains present law but adds an exception to the prohibition of receiving other incentives administered by DED for a taxpayer who receives a state grant pursuant to present law from the Small Business Innovation Retention fund or the Small Business Innovation Recruitment fund.

Present law prohibits tax credits for research expenditures incurred, SBTT Program funds received, or SBIR Grant funds received after Dec. 31, 2025.

Proposed law retains present law.

Proposed law is applicable to tax years beginning on or after Jan. 1, 2023.

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

(Amends R.S. 47:6015(D)(1), (E)(3) and (4), (G)(1), and (I); Adds R.S. 47:6015(E)(5))

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Remove extension of the sunset date of the tax credit program for research expenditures incurred, SBTT Program funds received, or SBIR Grant funds received.