

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 408** HLS 23RS 657

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 8, 2023	7:27 PM	<b>Author:</b> WILLARD
<b>Dept./Agy.:</b> REVENUE		<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Tax Credits: Research & Development		

**TAX CREDITS**

EG SEE FISC NOTE GF EX

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Extends the termination date of the research and development tax credit and provides for exceptions for certain taxpayers

Present law provides Research and Development (R&D) tax credits of 30% of eligible expenditures claimed on a federal return for entities employing less than 50 persons or those that have received a Phase I or II grant from the federal Small Business Technology Transfer Program or a federal Small Business Innovation Research Grant (10% if employing 50-99, and 5% if employing 100 or more). The standard R&D credits are nonrefundable with a five-year carry-forward allowed for unused credits, and transferable for federal grant recipient participants. No credits are allowed for the entire credit program for expenditures incurred after December 31, 2025. LED must annually conduct an audit of 10% of applications. Expenditures that qualify for a R&D tax credit may not receive any other LED-administered incentives.

Proposed law allows certain R&D projects to receive multiple LED incentives. Effective January 1, 2023.

<b>EXPENDITURES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

The bill allows projects qualifying for the 30% Research and Development tax credits and that have received federal grants to also receive state grants from the Small Business Innovation Retention Fund (a Louisiana project allowing a grant of 25% of federal grant up to \$25,000; program costs capped at \$1 M annually) or the Small Business Innovation Recruitment Fund (out of state projects allowing a grant up to \$100,000 per federal Small Business Innovation Research (SBIR)/Small Business Technology Transfer Research (STTR) grant recipient with provable business activity and relocation to Louisiana; program costs capped at \$500,000 annually). In addition, the bill appears to allow these projects to also receive any other incentives for the same activities if the incentives are administered by LED. According to LED, 28 projects were eligible for the R&D credit and would utilize about \$843,525 in grants to date. A future funding source or means of finance is not identified beyond FY 23.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate      Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Alan M. Boxberger*

**Alan M. Boxberger**  
**Interim Legislative Fiscal Officer**