

Regular Session, 2013

HOUSE BILL NO. 630

BY REPRESENTATIVES LEGER, BROSSETT, BURFORD, HENRY BURNS,
JEFFERSON, MORENO, AND PATRICK WILLIAMS AND SENATOR
MORRELL

TAX CREDITS: Provides for the transferability of the income tax credit for the
rehabilitation of historic commercial structures

1 AN ACT

2 To amend and reenact R.S. 47:6019(A)(1)(a), (2)(a), (3)(a), (b)(i)(aa), and (cc), (3)(b)(ii)(aa)

3 and (dd)(I), (B)(1)(a) and (C) and to enact R.S. 22:832(F) and R.S.

4 47:6019(3)(b)(i)(dd) and (ii)(dd)(IV), relative to tax credits for the rehabilitation of

5 historic structures; to provide for income, premium, and corporation franchise tax

6 credits for costs associated with the rehabilitation of historic structures; to provide

7 for certain eligible municipalities and qualifications; to provide with respect to

8 definitions; to provide for certain notifications and requirements; to extend the

9 taxable periods in which the tax credit shall be applicable; to provide for an effective

10 date; and to provide for related matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 22:832(F) is hereby enacted to read as follows:

13 §832. Reduction of tax when certain investments are made in Louisiana

14 * * *

15 F. There shall be a premium tax reduction credit for costs associated

16 with the rehabilitation of historic structures, as provided for in R.S. 47:6019, on taxes

17 charged on insurance premiums pursuant to Title 22 of the Louisiana Revised

18 Statutes of 1950, including but not limited to R.S. 22:345, 439, 831, 836, 837, 838,

19 and 842. No premium tax reduction credit shall be allowed for any eligible costs and

1 expenses, as defined in R.S. 47:6019, that would entitle the insurer to a reduction in
 2 premium tax pursuant to Subsection A of this Section as a qualifying Louisiana
 3 investment in real property located in this state. Notwithstanding any other
 4 provisions of law to the contrary, the premium tax reduction credits authorized
 5 pursuant to this Subsection may be sold or transferred as provided for in R.S.
 6 47:6019(A)(3)(b) and carried forward as provided for in R.S. 47:6019(A)(3)(a).

7 Section 2. R.S. 47:6019(A)(1)(a), (2)(a), (3)(a), (b)(i)(aa), and (cc), (3)(b)(ii)(aa) and
 8 (dd)(I), (B)(1)(a) and (C) are hereby amended and reenacted and R.S. 47:6019(3)(b)(i)(dd)
 9 and (ii)(dd)(IV) are hereby enacted to read as follows:

10 §6019. Tax credit; rehabilitation of historic structures

11 A.(1)(a) There shall be a credit against the premium tax as provided for in
 12 R.S. 22:832(F), income and corporation franchise tax for the amount of eligible costs
 13 and expenses incurred during the rehabilitation of a historic structure located in a
 14 downtown development, ~~or a cultural product district,~~ or a municipality with a
 15 population of less than fifteen thousand persons according to the latest federal
 16 decennial census. The credit shall not exceed twenty-five percent of the eligible costs
 17 and expenses of the rehabilitation. No taxpayer, or any entity affiliated with such
 18 taxpayer, shall ~~receive claim~~ more than five million dollars of credit annually for any
 19 number of structures rehabilitated within a particular downtown development, ~~or~~
 20 ~~cultural product district,~~ or municipality with a population of less than fifteen
 21 thousand persons according to the latest federal decennial census.

22 * * *

23 (2)(a) In order to qualify for the credit, the historic structure located in the
 24 downtown development, ~~or cultural product district,~~ or municipality with a
 25 population of less than fifteen thousand persons according to the latest federal
 26 decennial census, shall also be listed on the National Register of Historic Places or
 27 be certified by the state historic preservation office as contributing to the historical
 28 significance of the district.

29 * * *

1 identification number assigned by the state historic preservation office, the remaining
2 balance after transfer, all federal tax identification numbers and Department of
3 Insurance account numbers for both transferor and transferee, the date of transfer,
4 the amount transferred, and any other information required by the Department of
5 Insurance. Failure to comply with this notification requirement will result in the
6 disallowance of the tax credit until the taxpayer is in full compliance.

7 (ii)(aa) All entities taxed as corporations for Louisiana income, premium,
8 or corporation franchise tax purposes shall claim any credit allowed under this
9 Section on their corporation income, corporation premium, and corporation franchise
10 tax return.

11 * * *

12 (dd) Entities not taxed as corporations shall claim any credit allowed under
13 this Section on the returns of the partners or members as follows:

14 * * *

15 (I) Corporate partners or members shall claim their share of the credit on their
16 corporation income, corporation premium, or corporation franchise tax returns.

17 * * *

18 (IV) All required to pay the insurance premium tax shall claim any credit
19 allowed under this Section on their annual premium tax statement.

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

22 (a) "Cultural ~~product~~ district" shall mean a district designated by a local
23 governing authority in accordance with law for the purpose of revitalizing a
24 community by creating a hub of cultural activity, including affordable artist housing
25 and workspace. The Department of Culture, Recreation and Tourism shall develop
26 standard criteria for cultural product districts. Such criteria shall include that the
27 district must be geographically contiguous and distinguished by cultural resources
28 that play a vital role in the life and cultural development of a community. The district
29 shall focus on a cultural compound, a major art institution, art and entertainment

1 businesses, an area with arts and cultural activities or cultural or artisan production
2 and be engaged in the promotion, preservation, and educational aspects of the arts
3 and culture of the locale and contribute to the public through interpretive and
4 educational uses. The Department of Culture, Recreation and Tourism may
5 determine whether or not a district complies with this definition.

6 * * *

7 C. The provisions of this Section shall be effective for the taxable years
8 ending prior to January 1, ~~2016~~ 2018.

9 Section 3. This Act shall become effective upon signature by the governor or, if not
10 signed by the governor, upon expiration of the time for bills to become law without signature
11 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
12 vetoed by the governor and subsequently approved by the legislature, this Act shall become
13 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Leger HB No. 630

Abstract: For the tax credit for rehabilitation of historic commercial structures, adds eligibility for structures in certain municipalities and authorizes the taking of the credit against insurance premium tax liability.

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 or a cultural product district. The credit shall not exceed 25% of the eligible costs and expenses of the rehabilitation. Present law prohibits a taxpayer from receiving more than \$5 million of credit for any number of structures rehabilitated within a particular downtown development or cultural product district.

Proposed law retains present law and authorizes a premium tax credit on taxes charged on insurance premiums certain for the amount of eligible costs and expenses incurred during the rehabilitation of a historic structure located within a cultural district, downtown development district or a municipality with a population of less than 15,000 persons according to the latest federal decennial census.

Present law designates that the historic structure must be located in a cultural product district or a downtown development district to apply for the tax credit.

Proposed law retains present law but changes the designation of "cultural product district" to "cultural district" and adds eligibility for structures located within a municipality with a population of less than 15,000 persons according to the latest federal decennial census.

Present law provides that if the amount of the tax credit exceeds the amount of taxes due, any unused credit may be carried forward as a credit against subsequent tax liability for a period not to exceed five years.

Present law authorizes taxpayers to sell their unused tax credits to other individuals or entities. There is no limit on the number of times a credit may be transferred or sold.

Proposed law retains present law.

Present law requires the transferors and transferees to submit to the state historic preservation office and to the Department of Revenue a written notification of any transfer or sale of tax credits within 30 days of the transaction. Further requires the notification to include the tax credit balance prior to the transfer, the credit identification number assigned by the state historic preservation office, the remaining balance after the transfer, the amount of the transfer, and any other information required by the state historic preservation office or the Department of Revenue.

Proposed law retains present law but removes the state historic preservation office from the notice requirements.

Proposed law requires taxpayers claiming tax credits against premium taxes received by transfer to include a notification of the transfer or sale of tax credits as an attachment to the premium tax return filed with the Department of Insurance.

Present law provides that the provisions of present law shall be effective for all taxable years ending prior to Jan. 1, 2016.

Proposed law retains present law and extends the tax credit applicability from taxable years ending prior to Jan. 1, 2016, to taxable years ending prior to Jan. 1, 2018.

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

(Amends R.S. 47:6019(A)(1)(a), (2)(a), (3)(a), (b)(i)(aa), and (cc), (3)(b)(ii)(aa) and (dd)(I), (B)(1)(a) and (C); Adds R.S. 22:832(F) and R.S. 47:6019(3)(b)(i)(dd) and (ii)(dd)(IV))