
DIGEST

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HB 465 Original

2015 Regular Session

Adams

Abstract: Establishes the Student Adjustment for a Valuable Education (SAVE) Credit Program.

Proposed law establishes the Student Adjustment for a Valuable Education (SAVE) Credit Program granting two credits against individual and corporate income tax and corporate franchise tax:

- (1) A SAVE Fee Credit. A transferable, nonrefundable credit against sales and use, gasoline and special fuels, and income tax liability of a student, or his parent or legal guardian, for amounts the student, or his parent or legal guardian, is required to pay to a public institution of postsecondary education for enrollment of the student on and after July 1, 2015, for a fee designated by the institution as a SAVE fee.
- (2) A SAVE Scholarship Credit. A credit against income and franchise tax liability for the amount of donations made on and after July 1, 2015, to any nonprofit entity designated by a public institution of postsecondary education for the purpose of funding the payment of SAVE fees or such other purposes as the institution requires.

The type of the two tax credits above and the total amount of such tax credits which may be granted in each fiscal year is to be determined by the institution's management board, from the allocation of the credits made to the management board by the Board of Regents.

The total amount of tax credit which may be utilized by all public institutions of postsecondary education during a fiscal year shall be the net increase in the taxes collected during each fiscal year from the tobacco taxes as a result of the enactment of the Act originating as House Bill No. _____ of the 2015 R.S., as determined by the Revenue Estimating Conference and approved by the Joint Legislative Committee on the Budget.

Once the total amount of tax credit which may be utilized by all public institutions of postsecondary education during a fiscal year is determined as provided above, the Board of Regents shall determine and provide written notification to each postsecondary education management board of the following:

- (1) The amount of tax credit allocated to each management board based upon the proportion of full-time equivalent students enrolled in the public postsecondary education institutions supervised by each board to the total number of full-time equivalent students enrolled in all Louisiana public postsecondary education institutions.

- (2) The amount of each type of tax credit which is included in each management board's allocation.

Each management board shall, in turn, determine and provide written notification to each public postsecondary education institution supervised by the board of the amount of each type of tax credit which may be utilized by the institution.

Proposed law provides that the SAVE Fee Credit shall be obtained and used solely as follows:

- (1) The student or the student's parent or legal guardian who is liable for payment of the fee, as a condition for receiving the tax credit, must transfer the SAVE Fee Credit to the institution and provide the institution such information that the institution may be reasonably required to obtain by the Department of Revenue in order to facilitate the application and funding of the credit. The Department of Revenue must only fund the SAVE Fee Credits to the public institutions of postsecondary education, as transferees of the credits.
- (2) The credit must be calculated by the institution and granted to him according to the amount of all applicable payments of state taxes for the tax year which is attributable to his income according to the most recent edition of the Consumer Expenditure Survey of the Bureau of Labor Statistics of the United States Department of Labor.
- (3) The tax credit must then be transferred to the institution charging the fee for 100% of the face value of the credit.
- (4) The institution charging the fee designated by the institution as a SAVE fee must accept the transfer of the tax credit as full or partial payment of the fee as the case may be.
- (5) Upon transfer, the institution must notify the Department of Revenue and provide it with such documentation of the transfer that may be required by the department. The department must make payment to the institution in the amount to which it is entitled from the current collections of the tobacco taxes.

Proposed law provides that the SAVE Scholarship Credit shall be obtained and used solely as follows:

- (1) A public institution of postsecondary education is authorized to designate a nonprofit entity to fund the payment of SAVE fees levied by the institution or to fund such other purposes as the institution requires by receiving donations for such funding from taxpayers up to the amount of the SAVE Scholarship Credit allocated to the institution from its supervising management board.
- (2) Donations made to such nonprofit entity up to the amount allocated entitles the donors to a credit for the amount of their donations, to be taken against the applicable tax due in the tax year in which the credit is earned, but the credit is not refundable.

- (3) The donations to the institution may be used for the payment of SAVE fees levied by the institution for those students or the students' parents or legal guardians who do not have a sufficient SAVE Fee Credit to offset the entire SAVE fee or to fund such other purposes as the institution requires.

Proposed law prohibits a student or a student's parent or legal guardian from being required to pay a SAVE fee not offset by a SAVE Fee Credit or a payment from a SAVE Scholarship donation, unless they failed to provide the information required for the SAVE Fee Credit.

Applicable to all income tax years beginning on and after January 1, 2015, and franchise tax years beginning on and after January 1, 2016.

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

(Adds R.S. 47:6039)