

2015 Regular Session

SENATE BILL NO. 223

BY SENATOR DONAHUE

TAX/TAXATION. Establishes the Student Adjustment for a Valuable Education (SAVE) Credit Program. (gov sig)

1 AN ACT

2 To enact R.S. 47:6039, relative to tax credits; to establish the Student Adjustment for a
3 Valuable Education (SAVE) Credit Program; to grant transferable SAVE Fee Credits
4 and SAVE Scholarship Credits for SAVE fees charged by a public institution of
5 postsecondary education; to provide for the transfer of credits to such institutions and
6 for payment of such credits to such institutions; to provide for use of such funds
7 paid; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:6039 is hereby enacted to read as follows:

10 **§6039. Student Adjustment for a Valuable Education (SAVE) Credit Program**

11 **A. The Program. There shall be the following two credits against**
12 **individual and corporate income tax and corporate franchise tax:**

13 **(1) There shall be a transferable, nonrefundable credit against sales and**
14 **use, gasoline and special fuels, and income tax liability of a student, or his**
15 **parent or legal guardian, to be obtained and used solely as provided for in**
16 **Subsection C of this Section, for amounts the student, or his parent or legal**
17 **guardian, is required to pay to a public institution of postsecondary education**

1 for enrollment of the student on and after July 1, 2015, for a fee designated by
2 the institution as a Student Adjustment for a Valuable Education (SAVE) fee
3 (hereafter, "SAVE fee"). Such credit shall be referred to as the SAVE Fee
4 Credit.

5 (2) There shall be a credit against income and franchise tax liability to
6 be obtained and used solely as provided for in Subsection D of this Section for
7 the amount of donations made on and after July 1, 2015, to any nonprofit entity
8 designated by a public institution of postsecondary education for the purpose
9 of funding the payment of SAVE fees or such other purposes as the institution
10 requires. Such credit shall be referred to as the SAVE Scholarship Credit.

11 B. Allocation of SAVE program credits. (1) The type of tax credit and the
12 total amount of such tax credit which may be granted pursuant to this Section
13 in each fiscal year for both SAVE credits shall be determined by the
14 institution's management board, from the allocation of the credits made to the
15 management board by the Board of Regents in the manner provided for in this
16 Subsection.

17 (2) The total amount of tax credit which may be utilized by all public
18 institutions of postsecondary education during a fiscal year pursuant to this
19 Section shall be the net increase in the taxes collected during each fiscal year
20 pursuant to Chapter 8 of this Subtitle as a result of the enactment of the Act
21 which originated as House Bill No. _____ of the 2015 Regular Session of the
22 Legislature, as determined by the Revenue Estimating Conference. Such
23 determination shall be approved by the Joint Legislative Committee on the
24 Budget.

25 (3) Once the total amount of tax credit which may be utilized by all
26 public institutions of postsecondary education during a fiscal year is determined
27 as provided for in Paragraph (2) of this Subsection, the Board of Regents shall
28 determine and provide written notification to each postsecondary education
29 management board of the following:

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

6 **(b) The board shall further designate the amount of each type of tax**
7 **credit, the SAVE Fee Credit or the SAVE Scholarship Credit, which is included**
8 **in each management board's allocation.**

9 **(4) Each management board shall, in turn, determine and provide**
10 **written notification to each public postsecondary education institution**
11 **supervised by the board of the amount of each type of tax credit, the SAVE Fee**
12 **Credit or the SAVE Scholarship Credit, which may be utilized by the**
13 **institution.**

14 **C. SAVE Fee Credit. The tax credit provided for in Paragraph (A)(1) of**
15 **this Section shall be obtained and used solely as follows:**

16 **(1) The student or the student's parent or legal guardian who is liable for**
17 **payment of the fee, as a condition for receiving the tax credit, shall transfer the**
18 **SAVE Fee Credit to the institution and provide the institution such information**
19 **that the institution may be reasonably required to obtain by the Department of**
20 **Revenue in order to facilitate the application and funding of the credit. The**
21 **Department of Revenue shall only fund the SAVE Fee Credits to the public**
22 **institutions of postsecondary education, as transferees of the credits.**

23 **(2) If claimed by the student or the student's parent or legal guardian**
24 **who is liable for payment of the fee, the credit shall be calculated by the**
25 **institution and granted to him according to the amount of all applicable**
26 **payments of state taxes for the tax year which shall be attributable to his income**
27 **according to the most recent edition of the Consumer Expenditure Survey of the**
28 **Bureau of Labor Statistics of the United States Department of Labor.**

29 **(3) The tax credit shall be transferred by the student or the student's**

1 parent or legal guardian to the public institution of postsecondary education
2 charging the fee for one hundred percent of the face value of the credit.

3 (4) The public institution of postsecondary education charging the fee
4 designated by the institution as a Student Adjustment for a Valuable Education
5 (SAVE) fee shall accept the transfer of the tax credit as full or partial payment
6 of the fee as the case may be.

7 (5) Upon transfer of the credit to the institution, the institution shall
8 notify the Department of Revenue and provide it with such documentation of
9 the transfer that may be required by the department. The Department of
10 Revenue shall make payment to the public institution of postsecondary
11 education in the amount to which it is entitled from the current collections of
12 the taxes collected pursuant to Chapter 8 of this Subtitle.

13 D. SAVE Scholarship Credit. The tax credit provided for in Paragraph
14 (A)(2) of this Section shall be obtained and used solely as follows:

15 (1) A public institution of postsecondary education may designate and
16 authorize a nonprofit entity to fund the payment of SAVE fees levied by the
17 institution or to fund such other purposes as the institution requires by
18 receiving donations for such funding from taxpayers up to the amount of the
19 SAVE Scholarship Credit allocated to the institution from its supervising
20 management board pursuant to Subsection (B) of this Section.

21 (2) Donations made to such nonprofit entity up to the amount allocated
22 shall entitle the donors to a credit for the amount of their donations. The tax
23 credit shall be taken against the applicable tax due in the tax year in which the
24 credit is earned but shall not be refundable and shall not exceed the tax due for
25 that tax year.

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

1 institution requires.

2 E. No student or student's parent or legal guardian shall be required to
3 pay a SAVE fee not offset by a SAVE Fee Credit or a payment from a SAVE
4 Scholarship donation provided for in this Section, except for any student,
5 parent, or legal guardian who fails to provide the information required
6 pursuant to Paragraph (C)(1) of this Section.

7 Section 2. The provisions of this Act shall be applicable to all income tax years
8 beginning on and after January 1, 2015, and franchise tax years beginning on and after
9 January 1, 2016.

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

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Riley Boudreaux.

DIGEST

SB 223 Original

2015 Regular Session

Donahue

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 Student Adjustment for a Valuable Education (SAVE) fee (hereafter, "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 in Chapter 8 of Title 47 as a result of the

enactment of the Act which will originate as House Bill No. _____ of the 2015 RS, 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, the SAVE Fee Credit or the SAVE Scholarship 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, the SAVE Fee Credit or the SAVE Scholarship 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 the governor or lapse of time for gubernatorial action.

(Adds R.S. 47:6039)