

2015 Regular Session

HOUSE BILL NO. 727

BY REPRESENTATIVE HUNTER

TAX CREDITS: Reduces certain income and corporation franchise tax credits

1 AN ACT

2 To amend and reenact R.S. 47:297.9(A), 6004(A)(2)(introductory paragraph), 6005(C)(1)
3 and (D)(1), 6006(D)(5), 6006.1(E)(3), and 6007(C)(1)(c)(introductory paragraph)
4 and (d) and R.S. 51:1924(B)(1) and (2), 2354(A) and (B), 2399.3(A)(2)(a) and (b),
5 and 3085(B)(1)(a) and to enact R.S. 47:6006(D)(6), 6006.1(E)(4), 6007(C)(1)(c)(iii)
6 and (e), relative to income and corporate franchise tax credits; to reduce the amount
7 of tax credits; to provide for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:297.9(A), 6004(A)(2)(introductory paragraph), 6005(C)(1) and
10 (D)(1), 6006(D)(5), 6006.1(E)(3), and 6007(C)(1)(c)(introductory paragraph) and (d) are
11 hereby amended and reenacted and R.S. 47:6006(D)(6), 6006.1(E)(4), 6007(C)(1)(c)(iii) and
12 (e) are hereby enacted to read as follows:

13 §297.9. Reduction to tax due; amounts paid by certain military servicemembers and
14 dependents for certain hunting and fishing licenses

15 A. There shall be a credit against individual income tax liability due under
16 this Part for eighty percent of the amounts paid by an active or reserve military
17 servicemember, or the spouse or dependent of such servicemember, for obtaining a
18 Louisiana noncommercial hunting or fishing license for themselves or their spouses
19 and dependents.

20 * * *

1 §6004. Employer credit

2 A.

3 * * *

4 (2) The credit shall be ~~seven hundred fifty~~ six hundred dollars and shall be
5 allowed against the income tax for the taxable period during which the new
6 employee has completed one year of full-time service with the taxpayer ~~and/or~~ or
7 against the corporation franchise tax for the taxable period following the taxable
8 period during which the new employee has completed one year of full-time service
9 with the taxpayer. Only one tax credit shall be allowed for:

10 * * *

11 §6005. Qualified new recycling manufacturing or process equipment ~~and/or~~ and
12 service contracts

13 * * *

14 C.(1) A taxpayer who purchases qualified new recycling manufacturing or
15 process equipment ~~and/or~~ or qualified service contracts, or both, as defined in this
16 Section and certified by the secretary of the Department of Environmental Quality
17 to be used or performed exclusively in this state shall be entitled to a credit against
18 any income and corporation franchise taxes imposed by the state in an amount equal
19 to ~~twenty~~ sixteen percent of the cost of the new recycling manufacturing or process
20 equipment ~~and/or~~ or qualified service contract, or both, less the amount of any other
21 tax credits received for the purchase of such equipment ~~and/or~~ or contract, or both.

22 * * *

23 D.(1) The amount of the credit claimed in the taxable period for which
24 certification of equipment is received, and the amount of credit claimed therefor in
25 each taxable period thereafter, shall not exceed twenty percent of the amount of the
26 total credit allowable. In no case shall the credit claimed exceed fifty percent of the
27 tax liability which would be otherwise due for that taxable period. Any unused
28 credit for a taxable year in which a credit is allowed may be carried forward to
29 subsequent years until the credit is exhausted. Total credits certified by the secretary

1 of the Department of Environmental Quality in any calendar year shall not exceed
2 ~~five million~~ four million dollars.

3 * * *

4 §6006. Tax credits for local inventory taxes paid

5 * * *

6 D. The credit provided in this Section shall be allowed as follows:

7 * * *

8 (5) For inventory taxes paid to political subdivisions on or after July 1, 1996,
9 and before June 30, 2015, the credit shall be one hundred percent of such taxes paid.

10 (6) For inventory taxes paid to political subdivisions on or after July 1, 2015,
11 the credit shall be eighty percent of taxes paid.

12 §6006.1. Tax credits for taxes paid with respect to vessels in Outer Continental
13 Shelf Lands Act Waters

14 * * *

15 E. The credit provided in this Section shall be allowed as follows:

16 * * *

17 (3) For ad valorem taxes on Outer Continental Shelf Lands Act Waters
18 vessels paid to political subdivisions on or after July 1, 1996, and before June 30,
19 2015, the credit shall be one hundred percent of such taxes paid.

20 (4) For ad valorem tax on Outer Continental Shelf Lands Act Waters vessels
21 paid to political subdivisions on or after July 1, 2015, the credit shall be eighty
22 percent of taxes paid.

23 §6007. Motion picture investor tax credit

24 * * *

25 C. Investor tax credit; specific productions and projects.

26 (1)

27 * * *

1 (c) For state-certified productions approved by the office and the secretary
2 on or after July 1, 2009, but before July 1, 2015:

3 * * *

4 (iii) The initial certification shall be effective for a period of twelve months
5 prior to and twelve months after the date of initial certification, unless the production
6 has commenced, in which case the initial certification shall be valid until the
7 production is completed.

8 (d) For state-certified productions approved by the office and the secretary
9 on or after July 1, 2015:

10 (i) If the total base investment is greater than three hundred thousand dollars,
11 each investor shall be allowed a tax credit of twenty-four percent of the base
12 investment made by that investor.

13 (ii) To the extent that base investment is expended on payroll for Louisiana
14 residents employed in connection with a state-certified production, each investor
15 shall be allowed an additional tax credit of four percent of such payroll. However,
16 if the payroll to any one person exceeds one million dollars, this additional credit
17 shall exclude any salary for that person that exceeds one million dollars.

18 (iii) The initial certification shall be effective for a period of twelve months
19 prior to and twelve months after the date of initial certification, unless the production
20 has commenced, in which case the initial certification shall be valid until the
21 production is completed.

22 ~~(d)~~ (e) Motion picture investor tax credits associated with a state-certified
23 production shall never exceed the total base investment in that production.

24 * * *

25 Section 2. R.S. 51:1924(B)(1) and (2), 2354(A) and (B), 2399.3(A)(2)(a) and (b),
26 and 3085(B)(1)(a) are hereby amended and reenacted to read as follows:

27 §1924. Income tax credit or premium tax reduction

28 * * *

a newly created full-time job. The amount of the credit is \$750 and is allowed for the taxable period during which the new employee has completed one year of full-time service with the taxpayer or against the corporation franchise tax for the taxable period following the taxable period during which the new employee has completed one year of full-time service with the taxpayer.

Proposed law retains present law but reduces the amount of the credit from \$750 to \$600.

Present law (R.S. 47:6005) provides an income tax or corporation franchise tax credit for taxpayers who purchase qualified new recycling manufacturing or process equipment or qualified service contracts to be used or performed exclusively in the state. The amount of the credit is 20% of the cost of the equipment or service contract less the amount of any other tax credit received for the purchase of the equipment or contract. Further provides an annual program cap of \$5 million.

Proposed law retains present law but reduces the amount of the credit from 20% to 16% and reduces the annual program cap from \$5 million to \$4 million.

Present law (R.S. 47:6006) provides for an income or corporation franchise tax credit for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers and on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities. The amount of the credit is equal to 100% of the inventory taxes paid to the political subdivision.

Proposed law retains present law but reduces the amount of the credit from 100% of ad valorem taxes paid to 80%.

Present law (R.S. 47:6006.1) provides for an income or corporation franchise tax credit for ad valorem taxes paid without protest to political subdivisions on vessels in Outer Continental Shelf Lands Act Waters. The amount of the credit is equal to 100% of the ad valorem taxes paid to the political subdivision.

Proposed law retains present law but reduces the amount of the credit from 100% to 80%.

Present law (R.S. 47:6007) provides for an income tax credit for La. taxpayers for investment in state-certified productions earned at the time expenditures are made by a motion picture production company in a state-certified production. The amount of the credit is equal to 30% of the base investment made by the investor if the total base investment is more than \$300,000. Additionally provides for a credit equal to 5% of base investment expended on payroll for La. residents employed in connection with a state-certified production. However, this credit does not apply to the payroll of any one person that exceeds \$1 million dollars.

Proposed law retains present law but reduces the amount of the credit from 30% of the investor's base investment to 24% and reduces the credit for payroll for La. residents from 5% to 4%.

Present law (R.S. 51:1924) provides an income tax credit for a taxpayer who invests in the certified capital of a certified La. capital company. The credit is equal to 35% of the taxpayer's cash investment. Further provides that the total credits granted in a calendar year shall not result in an additional reduction of tax revenues of more than \$2 million. Further provides that the total credits granted in a calendar year shall not result in an additional reduction of tax revenues of more than \$2 million.

Proposed law retains present law but reduces the amount of the credit from 35% to 28%, and reduces the amount of credits that can be granted in a calendar year without additional reduction in revenue from \$2 million to \$1.6 million.

Present law (R.S. 51:2354) provides an income and corporation franchise tax credit for investments by the taxpayer in commercialization costs for certain business locations. The amount of the credit is equal to 40% of the amount of money invested. Further provides a credit for qualified new direct jobs. The credit is equal to 5% multiplied by the gross payroll of the qualified new direct jobs.

Proposed law retains present law but reduces the credit for commercialization costs from 40% of the amount invested to 32% of the amount invested and reduces the amount of the credit for qualified new direct jobs from 5% to 4% multiplied by the gross payroll of the qualified new direct jobs.

Present law (R.S. 51:2399.3) provides for an income or corporation franchise tax credit for amounts of qualified expenditures incurred by an employer for modernization. The amount of the credit is equal to 5% of the amount of qualified expenditures. Further provides an annual program cap of \$10 million.

Proposed law retains present law but reduces the amount of the credit from 5% to 4% and reduces the annual program cap from \$10 million to \$8 million.

Effective July 1, 2015.

(Amends R.S. 47:297.9(A), 6004(A)(2)(intro. para.), 6005(C)(1) and (D)(1), 6006(D)(5), 6006.1(E)(3), and 6007(C)(1)(c)(intro. para.) and (d) and R.S. 51: 1924(B)(1) and (2), 2354(A) and (B), 2399.3(A)(2)(a) and (b), and 3085(B)(1)(a); Adds R.S. 47:6006(D)(6), 6006.1(E)(4), 6007(C)(1)(c)(iii) and (e)