

2015 Regular Session

HOUSE BILL NO. 757

BY REPRESENTATIVE SMITH

TAX CREDITS: Reduces certain income and franchise tax credits

1 AN ACT

2 To amend and reenact R.S. 47:6019(A)(1)(a), 6020(D)(1) and (2)(a),  
3 6022(D)(2)(introductory paragraph), 6023(C)(1) and (3)(a), 6025(A)(1), 6026(D)(2)  
4 and (3), 6030(B)(1) and (2)(a), 6032(C) and (F), and 6034(C)(1)(a)(ii)(bb) and (iii)  
5 and (C)(1)(c) and (d) and to enact R.S. 47:6022(D)(3), relative to income and  
6 corporate franchise tax credits; to reduce the amount of tax credits; to provide for an  
7 effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:6019(A)(1)(a), 6020(D)(1) and (2)(a), 6022(D)(2)(introductory  
10 paragraph), 6023(C)(1) and (3)(a), 6025(A)(1), 6026(D)(2) and (3), 6030(B)(1) and (2)(a),  
11 6032(C) and (F), and 6034(C)(1)(a)(ii)(bb) and (iii) and (C)(1)(c) and (d) are hereby  
12 amended and reenacted and R.S. 47:6022(D)(3) is hereby enacted to read as follows:

13 §6019. Tax credit; rehabilitation of historic structures

14 A.(1)(a) There shall be a credit against income and corporation franchise tax  
15 for the amount of eligible costs and expenses incurred during the rehabilitation of a  
16 historic structure located in a downtown development or a cultural district. The  
17 credit shall not exceed ~~twenty-five~~ twenty percent of the eligible costs and expenses  
18 of the rehabilitation. No taxpayer, or any entity affiliated with such taxpayer, shall  
19 claim more than ~~five million~~ four million dollars of credit annually for any number  
20 of structures rehabilitated within a particular downtown development or cultural  
21 district.

22 \* \* \*

1 §6020. Angel Investor Tax Credit Program

2 \* \* \*

3 D. Tax credits. (1) The total amount of tax credits granted by the  
4 department in any calendar year shall not exceed ~~five million~~ four million dollars.  
5 The department shall by rule establish the method of allocating available tax credits  
6 to investors including but not limited to a first-come, first-served system, reservation  
7 of tax credits for a specific time period, or other method which the department, in its  
8 discretion, may find beneficial to the program. If the department does not grant the  
9 entire ~~five million~~ four million dollars in tax credits in any calendar year, the amount  
10 of residual unused tax credits shall carry forward to subsequent calendar years and  
11 may be granted in any year without regard to the ~~five million~~ four million dollar per  
12 year limitation. After the approval of an investor pool, the department shall issue a  
13 letter identifying the amount of tax credits that are available to that pool; however,  
14 no tax credit shall be granted to an investor until the investment has been made in the  
15 Louisiana Entrepreneurial Business.

16 (2)(a) An investor may apply for and, if qualified, be granted a credit on any  
17 income or corporation franchise tax liability owed to the state by the taxpayer  
18 seeking to claim the credit in the amount approved by the secretary of the  
19 department. The amount of the tax credit shall be based upon the amount of money  
20 invested by the investor in the Louisiana Entrepreneurial Business, which investment  
21 shall not exceed ~~one million~~ eight hundred thousand dollars per year per business  
22 and ~~two million~~ one million six hundred thousand dollars total per business. Except  
23 as otherwise provided in Subparagraph (b) of this Paragraph, the credit shall be  
24 allowed against the income tax for the taxable period in which the credit is earned  
25 and the franchise tax for the taxable period following the period in which the credit  
26 is earned. The credits approved by the department shall be granted at the rate of  
27 ~~thirty-five~~ twenty-eight percent of the amount of the investment with the credit  
28 divided in equal portions for five years.

29 \* \* \*

1 §6022. Digital interactive media and software tax credit

2 \* \* \*

3 D. Tax credit; specific projects.

4 \* \* \*

5 (2) For applications for state-certified productions submitted to the office on  
6 or after July 1, 2009, and before July 1, 2015, and subsequently approved by the  
7 office and secretary, there are hereby authorized tax credits which shall be earned by  
8 a company at the time funds are expended in Louisiana on a state-certified  
9 production as follows:

10 \* \* \*

11 (3) For applications for state-certified productions submitted to the office on  
12 or after July 1, 2015, and subsequently approved by the office and secretary, there  
13 are hereby authorized tax credits that shall be earned by a company at the time funds  
14 are expended in Louisiana on a state-certified production as follows:

15 (a) Credits shall be earned at the rate of twenty percent of the base  
16 investment.

17 (b) To the extent that base investment is expended on payroll for Louisiana  
18 residents employed in connection with a state-certified production, additional tax  
19 credits shall be earned at the rate of eight percent of the payroll.

20 \* \* \*

21 §6023. Sound recording investor tax credit

22 \* \* \*

23 C. Investor tax credit; state-certified productions and infrastructure projects.

24 (1) Until January 1, 2020, there is hereby authorized a credit against the state income  
25 tax for investments made in state-certified productions and state-certified sound  
26 recording infrastructure projects. The tax credit shall be earned by investors at the  
27 time expenditures are certified by the Louisiana Department of Economic  
28 Development according to the total base investment certified for the sound recording  
29 production company per calendar year; however, no credit shall be allowed under

1 this Section for any expenditures for which a credit was granted under R.S. 47:6007.  
 2 For state-certified productions certified on and after July 1, 2007, and state-certified  
 3 infrastructure projects which have applied on or before August 1, 2009, each investor  
 4 shall be allowed a tax credit of ~~twenty-five~~ twenty percent of the base investment  
 5 made by that investor in excess of fifteen thousand dollars or, if a resident of this  
 6 state, in excess of five thousand dollars.

7 \* \* \*

8 (3)(a) Except as otherwise provided in this Paragraph, the aggregate amount  
 9 of credits certified for all investors pursuant to this Section during any calendar year  
 10 shall not exceed ~~three million~~ two million four hundred thousand dollars.

11 \* \* \*

12 §6025. Tax credit for Louisiana Citizens Property Insurance Corporation assessment

13 A.(1) There shall be allowed a credit against Louisiana income tax due in a  
 14 taxable year for eighty percent of the amount of surcharges, market equalization  
 15 charges, or assessments paid by a taxpayer during the taxable year as a result of the  
 16 2005 regular assessment or the emergency assessments levied due to Hurricanes  
 17 Katrina and Rita by Louisiana Citizens Property Insurance Corporation for the FAIR  
 18 Plan and Coastal Plan, as they are defined in R.S. 22:2292.

19 \* \* \*

20 §6026. Cane River heritage tax credit

21 \* \* \*

22 D.

23 \* \* \*

24 (2) The tax credit authorized by the provisions of this Section shall be for an  
 25 amount of up to ~~one thousand five hundred~~ one thousand two hundred dollars, which  
 26 may be used against the tax liability for state income and corporation franchise taxes  
 27 related to the operations of the cottage industry within the development zone.

28 (3) In addition, the department may also enter into contracts with eligible  
 29 cottage industries for a ~~one thousand five hundred~~ one thousand two hundred dollar

1 tax credit per new employee hired during the taxable year for which the credit is  
 2 claimed. In order to qualify for this credit, the applicant must have net new hires of  
 3 one full-time employee or two part-time employees. A full-time employee is a  
 4 person employed for at least thirty-two hours per week. A part-time employee is a  
 5 person employed for at least twenty hours per week. In order to qualify as a new hire  
 6 for purposes of this credit, the employee must have been a resident of the heritage  
 7 area development zone for at least thirty days prior to employment. The credit may  
 8 be applied to any state income tax liability or any state corporate franchise tax  
 9 liability, but shall not be applied to any liabilities for penalty or interest due or  
 10 outstanding at the time the credit is generated. This credit shall be applicable only  
 11 to a position that did not previously exist in the business and that is filled by a  
 12 resident of the development zone who is performing duties in connection with the  
 13 operation of the business as a regular, full-time employee.

\* \* \*

15 §6030. Solar energy systems tax credit

\* \* \*

17 B.(1) The tax credit for the purchase and installation of a system at a  
 18 Louisiana residence or for a system which is already installed in a newly constructed  
 19 home located in Louisiana shall be equal to ~~fifty~~ forty percent of the first twenty-five  
 20 thousand dollars of the cost of a system that is purchased and installed on or after  
 21 January 1, 2008, and before January 1, 2018. There shall be no tax credits  
 22 authorized, issued, or granted as provided in this Paragraph for systems installed  
 23 after December 31, 2017.

24 (2)

\* \* \*

26 (a) The tax credit shall be equal to ~~fifty~~ forty percent of the first twenty-five  
 27 thousand dollars of the cost of purchase for a system installed before January 1,  
 28 2014. For a system installed on or after January 1, 2014, and before January 1, 2018,

1 the tax credit shall be equal to ~~thirty-eight~~ thirty percent of the first twenty-five  
2 thousand dollars of the cost of purchase.

3 \* \* \*

4 §6032. Tax credit for certain milk producers

5 \* \* \*

6 C. Each qualifying taxpayer is eligible for tax credits based on the  
7 production and sale of milk below the announced production price over a calendar  
8 year in accordance with the following schedule:

Amount of Milk Produced:	Amount of Tax Credit:
Up to 1,000,000 pounds	<del>\$5,000</del> <u>\$4,000</u>
1,000,001 to 1,500,000 pounds	<del>\$10,000</del> <u>\$8,000</u>
1,500,001 to 2,000,000 pounds	<del>\$15,000</del> <u>\$12,000</u>
2,000,001 to 2,500,000 pounds	<del>\$20,000</del> <u>\$16,000</u>
2,500,001 to 3,000,000 pounds	<del>\$25,000</del> <u>\$22,000</u>
3,000,001 pounds and above	<del>\$30,000</del> <u>\$24,000</u>

16 \* \* \*

17 F. The credit allowed for each producer pursuant to this Section shall not  
18 exceed thirty thousand dollars per calendar year. The total aggregate amount of tax  
19 credits for all producers provided for under this Section shall be capped at ~~two~~  
20 ~~million five hundred thousand~~ two million dollars per calendar year.

21 \* \* \*

22 §6034. Musical and theatrical production income tax credit

23 \* \* \*

24 C. Income tax credits for state-certified productions and state-certified  
25 musical or theatrical facility infrastructure projects:

26 (1)

27 \* \* \*

28 (a)

29 \* \* \*

1 (ii)

2 \* \* \*

3 (bb) For state-certified higher education musical or theatrical infrastructure  
4 projects that receive initial certification on or before January 1, 2018, a base  
5 investment credit may be earned for expenditures made in the state on or before  
6 January 1, 2022, for the construction, repair, or renovation of a new state-certified  
7 higher education musical or theatrical facility infrastructure project, or for  
8 investments made by a company or a financier in such infrastructure project that are,  
9 in turn, expended for such construction, repair, or renovation. No more than ~~ten~~  
10 eight million dollars in tax credits per project or ~~sixty~~ forty-eight million dollars total  
11 in tax credits shall be granted for state-certified higher education musical or  
12 theatrical infrastructure projects. Twenty-five percent of the total base investment  
13 provided for in the initial certification letter of a state-certified higher education  
14 musical or theatrical infrastructure project must be expended on or before January  
15 1, 2020, in order for the project to earn credits for the remaining estimated base  
16 investment provided for in the initial certification letter, as expenditures are made in  
17 the state on or before January 1, 2022. No credits shall be certified until the state-  
18 certified higher education musical or theatrical infrastructure project is complete.  
19 The initial certification letter shall be effective for qualified expenditures made no  
20 more than six months prior to the date of application. State-certified higher education  
21 musical or theatrical infrastructure projects shall not be subject to the provisions of  
22 Subitem (cc) of this Item nor shall such projects be subject to the provisions of  
23 Subsection H of this Section.

24 \* \* \*

25 (iii) Except as limited for state-certified infrastructure projects as provided  
26 for in this Subparagraph, the base investment credit shall be for the following  
27 amounts:

1 (aa) If the total base investment is greater than one hundred thousand dollars  
2 and less than or equal to three hundred thousand dollars, a company shall be allowed  
3 a tax credit of ~~ten~~ eight percent of the base investment made by that company.

4 (bb) If the total base investment is greater than three hundred thousand  
5 dollars and less than or equal to one million dollars, a company shall be allowed a  
6 tax credit of ~~twenty~~ sixteen percent of the base investment made by that company.

7 (cc) If the total base investment is greater than one million dollars, a  
8 company shall be allowed a tax credit of ~~twenty-five~~ twenty percent of the base  
9 investment made by that company.

10 \* \* \*

11 (c) An additional tax credit of ~~one tenth~~ eight hundredths of one percent of  
12 the amount expended to employ students enrolled in Louisiana colleges, universities,  
13 and vocational-technical schools in a state certified musical or theatrical production  
14 in arts-related positions, such as an actor, writer, producer, stagehand, or director, or  
15 as a technician working on aspects of the production such as lighting, sound, and  
16 actual stage work, or working indirectly on the production in accounting, law,  
17 management, and marketing.

18 (d) To the extent that base investment is expended on payroll for Louisiana  
19 residents employed in connection with a state-certified musical or theatrical  
20 production, except for the students provided for in Subparagraph (c) of this  
21 Paragraph, or the construction of a state-certified musical or theatrical facility  
22 infrastructure project, a company shall be allowed an additional tax credit of ~~ten~~  
23 eight percent of such payroll; however, if the amount paid to any one person exceeds  
24 one million dollars, the additional credit shall not include any amount paid to that  
25 person that exceeds one million dollars.

26 \* \* \*

27 Section 2. This Act shall become effective on July 1, 2015.



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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)]

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HB 757 Original

2015 Regular Session

Smith

**Abstract:** Reduces certain income and corporation franchise tax credits by 20%.

Present law (R.S. 47:6019) provides for an income or 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 district or a cultural district. The credit shall not exceed 25% of the eligible costs and expenses and no taxpayer shall claim more than \$5M of credit annually for any number of structures rehabilitated within a particular downtown development or cultural district.

Proposed law retains present law but reduces the amount of the credit from an amount not to exceed 25% of the eligible costs and expenses to an amount not to exceed 20% and reduces the amount a taxpayer is able to claim for any number of structures rehabilitated within a particular downtown development district or cultural district from \$5M to \$4M.

Present law (R.S. 47:6020) provides for an income tax credit for qualifying individual or entities that invest in a La. Entrepreneurial Business. The credit is equal to 35% of the qualified investment and the total amount of tax credits granted in any calendar tax year by the department shall not exceed \$5M. Present law further limits qualifying investments by an investor to those that do not exceed \$1M per year per business and to \$2M total per business.

Proposed law retains present law but reduces the amount of the credit from 35% of the qualified investment to 28% and reduces the total amount of tax credits that may be granted from \$5M to \$4M in any calendar tax year. Proposed law further reduces the maximum qualifying investment by an investor from \$1M to \$800,000 and the maximum investment per business from \$2M to \$1.6M.

Present law (R.S. 47:6022) provides for an income or franchise tax credit for La. taxpayers for investment in state-certified productions for digital interactive media earned at the time expenditures are made on a state-certified production. The amount of the credit is equal to 25% of the base investment made by the investor. Additionally provides for a credit equal to 10% of base investment expended on payroll for La. residents employed in connection with a state-certified production.

Proposed law retains present law but reduces the amount of the credit from 25% of the base investment to 20% of the base investment and from 10% of the base investment expended on payroll for La. residents to 8% of the base investment expended on payroll for La. residents.

Present law (R.S. 47:6023) provides for an income or franchise tax credit for La. taxpayers for investment in state-certified productions for sound recordings earned at the time expenditures are made on a state-certified production. The amount of the credit is equal to 25% of the base investment made by the investor in excess of \$15K, or in excess of \$5K for investors who are La. residents. Additionally provides for a credit equal to 10% of base investment expended on payroll for La. residents employed in connection with a state-certified production. Present law provides an annual program cap of \$3M.

Proposed law retains present law but reduces the amount of the credit from 25% of the base investment to 20% of the base investment and reduces the annual program cap from \$3M to \$2.4M.

Present law (R.S. 47:6025) provides an income tax credit against La. income tax for the amount of surcharges, market equalization charges, or assessments paid by a taxpayer for the La. Citizens Property Insurance Corporation assessments due to Hurricanes Katrina and Rita.

Proposed law retains present law but reduces the amount of the credit from the full amount of surcharges, market equalization charges, or assessments to 80% of the amount of surcharges, market equalization charges, or assessment.

Present law (R.S. 47:6026) provides for an income or corporation franchise tax credit for certain heritage-based cottage industries located or to be located in the Cane River Heritage Area Development Zone. The credit is equal to an amount up to \$1,500 per contract award and an additional \$1,500 credit for each new employee hired during the taxable year for which the credit is claimed.

Proposed law retains present law but reduces the amount of the credit from \$1,500 per contract award to \$1,200 and reduces the amount of the credit for each new employee hired from \$1,500 to \$1,200.

Present law (R.S. 47:6030) provides for an income tax credit for the cost of purchase and installation of a wind or solar energy system, or both, by a taxpayer at his La. residence, by the owner of a residential rental apartment project, or by a taxpayer who purchases and installs a system in a residence or a residential rental apartment project located in La. Present law limits one credit per system. The amount of the credit is equal to 50% of the first \$25,000 of the cost of each wind energy system or solar energy system, including installation costs, purchased and installed on or after Jan. 1, 2008.

Proposed law retains present law but reduces the amount of the credit from 50% of the first \$25,000 of the cost to 40%.

Present law (R.S. 47:6032) provides for a refundable income and corporation franchise tax credit for a resident taxpayer engaged in the business of producing milk for sale. The amount of the credit is based on the production and sale of milk below the announced production price over a calendar year in accordance with a schedule provided in present law. Present law caps the total aggregate amount of credits for all producers at \$2.5M per calendar year and limits the credit allowed for each producer at varying amounts.

Proposed law retains present law but reduces the total aggregate amount of credits for all producers from \$2.5M per calendar year to \$2M per calendar year. Further reduces the credits allowed for each producer as follows:

- (1) From \$5,000 to \$4,000 tax credit for up to 1M pounds of milk produced.
- (2) From \$10,000 to \$8,000 tax credit for 1,000,001 to 1.5M pounds of milk produced.
- (3) From \$15,000 to \$12,000 tax credit for 1,500,001 to 2M pounds of milk produced.
- (4) From \$20,000 to \$16,000 tax credit for 2,000,001 to 2.5M pounds of milk produced.
- (5) From \$25,000 to \$20,000 tax credit for 2,500,001 to 3M pounds of milk produced.
- (6) From \$30,000 to \$24,000 tax credit for greater than 3M pounds of milk produced.

Present law (R.S. 47:6034) provides for an individual or corporate income tax credit for qualified production expenditures on investments in a state-certified musical or theatrical production or infrastructure project. For state-certified higher education musical or theatrical infrastructure projects that receive initial certification prior to January 1, 2018, a base investment credit may be earned for expenditures made in the state on or before January 1, 2022 for the construction, repair, or renovation of a new state-certified higher education musical or theatrical facility infrastructure project. No more than \$10M in tax credits are allowed per project and no more than \$60M is allowed for all state-certified higher education musical or theatrical infrastructure projects. The credit for an investor is granted in varying amounts.

Proposed law retains present law but reduces the per project cap from \$10M to \$8M and the program cap from \$60M to \$48M. Further reduces the credit amount for investors as follows:

- (1) From 10% to 8% of the investor's base investment if the total base investment is greater than \$100,000 and less than or equal to \$300,000.
- (2) From 20% to 16% of the investor's base investment if the total base investment is greater than \$300,000 and less than or equal to \$1M.
- (3) From 25% to 20% of the investor's base investment if the total base investment is greater than \$1M.

Effective July 1, 2015.

(Amends R.S. 47:6019(A)(1)(a), 6020(D)(1) and (2)(a), 6022(D)(2)(intro. para.), 6023(C)(1) and (3)(a), 6025(A)(1), 6026(D)(2) and (3), 6030(B)(1) and (2)(a), 6032(C) and (F), and 6034(C)(1)(a)(ii)(bb) and (iii) and (C)(1)(c) and (d); Adds R.S. 47:6022(D)(3))