2015 Regular Session

HOUSE BILL NO. 804

## BY REPRESENTATIVE ADAMS

## TAX CREDITS: Provides for the carry forward rather than the refund of the research and development tax credit

1	AN ACT
2	To amend and reenact R.S. 47:6015(B)(1) and (2) and (D), relative to income and
3	corporation franchise tax credits; to provide with respect to the tax credit for certain
4	research and development expenses; to provide with respect to authorization for
5	issuance of refunds for tax credits which exceed taxpayer tax liability; to provide for
6	certain limitations; to provide for effectiveness; and to provide for related matters.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. R.S. 47:6015(B)(1) and (2) and (D) are hereby amended and reenacted
9	to read as follows:
10	§6015. Research and development tax credit
11	* * *
12	B.(1) Any taxpayer who employs fifty or more persons and claims for the
13	taxable year a federal income tax credit under 26 U.S.C. 41(a) for increasing research
14	activities shall be allowed a refundable tax credit to be applied against income and
15	corporation franchise taxes due. If the amount of the credit exceeds the amount of
16	tax liability for the tax year, then any unused credit may be carried forward as a
17	credit against subsequent income tax for a period not to exceed five years.
18	(2) Any taxpayer who employs less than fifty persons and claims for the
19	taxable year a federal income tax credit under 26 U.S.C. 41(a) for the taxable year,
20	or meets the requirements of Subparagraph (3)(i) of this Subsection, shall be allowed

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	a refundable tax credit to be applied against income and corporation franchise taxes
2	due. If the amount of the credit exceeds the amount of tax liability for the tax year,
3	then any unused credit may be carried forward as a credit against subsequent income
4	tax for a period not to exceed five years.
5	* * *
6	D. A taxpayer who receives a federal Small Business Innovation Research
7	Grant as created by the Small Business Innovation Development Act of 1982 (P.L.
8	97-219), reauthorized by the Small Business Research and Development
9	Enhancement Act (P.L. 102-564), and reauthorized again by the Small Business
10	Reauthorization Act of 2000 (P.L. 106-554), shall be allowed a refundable tax credit
11	in an amount equal to forty percent of the award received during the tax year. If the
12	amount of the credit exceeds the amount of tax liability for the tax year, then any
13	unused credit may be carried forward as a credit against subsequent income tax for
14	a period not to exceed five years.
15	* * *
16	Section 2. The provisions of this Act shall be applicable to tax years beginning on

17 or after January 1, 2015.

## 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)]

HB 804 Original

2015 Regular Session

Adams

Abstract: Changes the tax credit for qualified research expenses for certain employers from a refundable credit to a credit in which amounts of the credit above the tax liability may be carried forward and applied against subsequent tax liability for up to five years.

<u>Present law</u> authorizes a refundable income and corporation franchise tax credit for certain taxpayers who employ 50 or more persons and claim a federal income tax credit for increasing research activities. This tax credit is also available for taxpayers who employ less than 50 employees if the employer meets certain eligibility requirements. The amount of the credit ranges from 8% to 40% of the La. qualified research expenses for the taxable year depending on the number of employees the employer employs minus a base amount.

<u>Present law</u> additionally provides for a refundable tax credit for a taxpayer who receives a federal Small Business Innovation Research Grant tax credit in an amount equal to 40% of the award received during the tax year.

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<u>Proposed law</u> changes the tax credit <u>from</u> a refundable credit <u>to</u> one in which credit amounts which exceed taxpayer liability may be carried forward against subsequent income or corporation franchise tax liability for up to five years.

<u>Present law</u> prohibits credits from being issued for research expenditures incurred or Small Systems Business Innovation Research Grant funds received after Dec. 31, 2019.

Proposed law retains present law.

Applicable to tax years beginning on or after Jan. 1, 2015.

(Amends R.S. 47:6015(B)(1) and (2) and (D))