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

DIGEST

SB 48 Original — 2017 Regular Session — Morrell

Present law provides a tax credit against income and corporation franchise taxes imposed by the state on the purchase of qualified new recycling manufacturing or process equipment or qualified service contracts. Provides that this credit, which is effective through June 30, 2018, equals 14.4% and then equals 20% on July 1, 2018.

Proposed law retains the 14.4% credit through June 30, 2018, but removes the credit increase to 20%. Proposed law provides that in order to receive this credit, the purchase of qualified new recycling manufacturing or process equipment or qualified service contracts must occur on or before December 31, 2019, after which the credit is terminated.

Present law provides that the amount of the credit claimed in the taxable period for which certification of equipment is received, and the amount of credit claimed therefor in each taxable period thereafter, shall not exceed 20% of the amount of the total credit allowable and that in no case shall the credit claimed exceed 50% of the tax liability which would otherwise be due for that taxable period. Proposed law retains these provisions.

Present law limits the total credits certified by the secretary of the Department of Environmental Quality in any calendar year to \$3.6 million and authorizes that any unused credit may be carried forward to subsequent years until the credit is exhausted.

Present law is effective through June 30, 2018, and increases the annual limitation from \$3.6 million to \$5 million effective July 1, 2018. Proposed law removes the July 1, 2018, increase in the credit limitation and provides that the \$3.6 million limitation is effective until December 31, 2019.

Present law requires the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs to review the credit to determine if the economic benefit provided by the credit outweighs the loss of revenue realized by the state as a result of awarding the credit. Requires the House and Senate committees to make their recommendations no later than March 1, 2017, to either continue the credit or to terminate the credit. Proposed law replaces the review and reporting requirement with a provision that terminates the program on December 31, 2019.

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

(Amends R.S. 47:6005(C)(1), (D)(1), and (G); repeals R.S. 47:6005(C)(1) and (D)(1) as amended by Acts 2015, No. 125 §5 as amended by Acts 2016 1st E.S., No. 29 §8)