HLS 17RS-966 ORIGINAL

2017 Regular Session

HOUSE BILL NO. 300

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BY REPRESENTATIVE DAVIS AND SENATOR MORRELL

TAX CREDITS: Provides relative to the amount of the research and development tax credit and authorizes transferability of the credit under certain circumstances

AN ACT

2 To amend and reenact R.S. 47:6015(C)(2), (D), and (J) relative to the research and 3 development tax credit program; to provide for credit rates; to provide for 4 transferability of credits; to provide for application; and to provide for related 5 matters. 6 Be it enacted by the Legislature of Louisiana: 7 Section 1. R.S. 47:6015(C)(2), (D), and (J) are hereby amended and reenacted to 8 read as follows: 9 §6015. Research and development tax credit 10 11 C. 12 13 (2) The amount of the credit authorized in this Section shall be equal to 14 either: 15 (a) Eight Five percent of the difference, if any, of the Louisiana qualified 16 research expenses for the taxable year minus the base amount, if the taxpayer is an 17 entity that employs one hundred fifty or more persons. 18 (b) Twenty percent of the difference, if any, of the Louisiana qualified 19 research expenses for the taxable year minus the base amount, if the taxpayer is an 20 entity that employs fifty to ninety-nine persons.

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

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1	(c) Forty Thirty percent of the difference, if any, of the Louisiana qualified		
2	research expenses for the taxable year minus the base amount, if the taxpayer is an		
3	entity that employs less than fifty persons.		
4	* * *		
5	D.(1) A taxpayer who receives a federal Small Business Innovation Research		
6	Grant as created by the Small Business Innovation Development Act of 1982 (P.L.		
7	97-219), reauthorized by the Small Business Research and Development		
8	Enhancement Act (P.L. 102-564), and reauthorized again by the Small Business		
9	Reauthorization Act of 2000 (P.L. 106-554); shall be allowed a tax credit in an		
10	amount equal to forty thirty percent of the award received during the tax year.		
11	(2) In addition to the credit utilization allowed by Paragraph (C)(3) of this		
12	Section, research and development tax credits that are based on participation in the		
13	Small Business Innovation Research Grant program and that were not previously		
14	claimed by any taxpayer against his income or corporation franchise tax may be		
15	transferred or sold to another Louisiana taxpayer, subject to the following conditions:		
16	(a) A single transfer or sale may involve one or more transferees. The		
17	transferee of the tax credits may transfer or sell such tax credits subject to the		
18	conditions of this Paragraph.		
19	(b) Transferors and transferees shall submit to the Department of Revenue		
20	in writing, a notification of any transfer or sale of tax credits within ten business days		
21	after the transfer or sale of such tax credits. No transfer or sale of tax credits shall		
22	be effective until recorded in the tax credit registry in accordance with R.S. 47:1524.		
23	The notification shall include the transferor's tax credit balance prior to transfer, a		
24	copy of any tax credit certification letter issued by the Department of Economic		
25	Development, the transferor's remaining tax credit balance after transfer, all tax		
26	identification numbers for both transferor and transferee, the date of the transfer, the		
27	amount transferred, a copy of the credit certificate, the price paid by the transferee		

to the transferor, and any other information required by the Department of Revenue.

1 (c) Failure to comply with this Paragraph shall result in the disallowance of 2 the tax credit until the taxpayers are in full compliance. 3 (d) The transfer or sale of this credit does not extend the time in which the 4 credit can be used. The carryforward period for a credit that is transferred or sold begins on the date on which the credit was earned. 5 6 7 J. No credit shall be allowed pursuant to this Section for research 8 expenditures incurred or Small Business Innovation Research Grant funds received 9 after December 31, 2019 2021. 10 11 Section 2. The provisions of this Act shall apply to tax years beginning on or after 12 January 1, 2017. 13 Section 3. This Act shall become effective upon signature by the governor or, if not 14 signed by the governor, upon expiration of the time for bills to become law without signature 15 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become 16 17 effective on the day following such approval.

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 300 Original

2017 Regular Session

Davis

Abstract: Reduces the credit amount for research and development tax credits and allows for transferability of the Small Business Innovation Research Grant credit.

<u>Present law</u> authorizes an 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 tax payers who employ fewer than 50 employees if the employer meets certain eligibility requirements.

<u>Present law</u> authorizes the following credits as a percentage of increased research expenses for a taxpayer who employs the following number of employees:

Number of Employees	Tax Credit
100 or more	8%
50-99	20%
fewer than 50	40%

<u>Proposed law</u> authorizes the following credits:

Number of Employees	Tax Credit
50 or more	5%
fewer than 50	30%

<u>Present law</u> allows a taxpayer receiving a federal Small Business Innovation Research Grant a tax credit in an amount equal to 40% of the award received during the tax year. <u>Proposed law</u> reduces the tax credit <u>from</u> 40% to 30% of the award received during the tax year.

Proposed law authorizes credits based upon participation in the Small Business Innovation Research Grant program to be transferred or sold to one or more La. taxpayers. To utilize the transferred tax credit, proposed law requires transferors and transferees to submit to the Dept. of Revenue written notification of any transfer or sale of this tax credit within 10 business days after the transfer or sale. Proposed law specifies the information to be included in the notification. Proposed law further requires that a sale or transfer of this tax credit shall not be effective until recorded in the tax credit registry in accordance with present law. Proposed law allows the credit to carry forward beginning on the date on which the credit was earned, regardless of when the credit was transferred or sold.

<u>Present law</u> provides that no credit shall be allowed for research expenditures incurred or Small Business Innovation Research Grant funds received after Dec. 31, 2019. <u>Proposed law</u> extends the credit availability to research expenditures incurred on or before Dec. 31, 2021.

Proposed law shall apply to tax years beginning on or after Jan. 1, 2017.

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

(Amends R.S. 47:6015(C)(2), (D), and (J))