
DIGEST

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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.

Present law 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.

Present law 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%

Proposed law authorizes the following credits:

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

Present law 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. Proposed law reduces the tax credit from 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.

Present law provides that no credit shall be allowed for research expenditures incurred or Small Business Innovation Research Grant funds received after Dec. 31, 2019. Proposed law 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))