

2017 Regular Session

SENATE BILL NO. 173

BY SENATOR MORRELL

TAX/TAXATION. Provides for termination of income and corporation franchise tax credits. (gov sig)

1 AN ACT
2 To amend and reenact R.S. 47:265, 287.664, 6004(A)(1) and (C), 6009(D)(1), 6012(B),
3 6013(A), 6017(A), and 6037(I), to enact R.S. 47:6018(G) and R.S. 51:1807(A)(3),
4 and to repeal R.S. 47:12, relative to tax credits and exemptions; to provide for
5 termination dates for certain tax credits; to change credit rates; to repeal expired tax
6 credits and exemptions; to provide for an effective date; and to provide for related
7 matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:265, 287.664, 6004(A)(1) and (C), 6009(D)(1), 6012(B), 6013(A),
10 6017(A), and 6037(I) are hereby amended and reenacted and R.S. 47:6018(G) is hereby
11 enacted to read as follows:

12 §265. Credits arising from refunds by utilities
13 ~~Whenever~~ **For refunds paid on or before December 31, 2017, whenever**
14 a utility refunds to its customers, pursuant to an order of a court or regulatory agency
15 as a result of the denial of a proposed rate increase, an amount or amounts which, if
16 taken as a deduction from gross income in the year paid or accrued, would result in
17 a net loss, then in lieu of such deduction the utility may elect to take a credit against

1 its Louisiana income tax in the amount of seventy-two percent of the income tax
 2 increase which was the sole result of the inclusion of the amount or amounts
 3 refunded in gross income in the year or years received irrespective of whether or not
 4 the period of limitation provided in R.S. 47:1623 has expired for the year in which
 5 the amount refunded was included in gross income. If this credit exceeds the income
 6 tax that would be due the ~~State~~ **state** of Louisiana in the year of the refund, computed
 7 without the credit, then the excess of this credit may be carried over the following
 8 two taxable years.

* * *

10 §287.664. Credits arising from refunds by utilities

11 ~~Whenever~~ **For refunds paid on or before December 31, 2017, whenever**
 12 a utility refunds to its customers, pursuant to an order of a court or regulatory agency
 13 as a result of the denial of a proposed rate increase, an amount or amounts which, if
 14 taken as a deduction from gross income in the year paid or accrued, would result in
 15 a net loss, then in lieu of such deduction the utility may elect to take a credit against
 16 its Louisiana income tax in the amount of seventy-two percent of the income tax
 17 increase which was the sole result of the inclusion of the amount or amounts
 18 refunded in gross income in the year or years received irrespective of whether or not
 19 the period of limitation provided in R.S. 47:1623 has expired for the year in which
 20 the amount refunded was included in gross income. If this credit exceeds the income
 21 tax that would be due the state of Louisiana in the year of the refund, computed
 22 without the credit, then the excess of this credit may be carried over the following
 23 two taxable years.

* * *

25 §6004. Employer credit

26 A.(1) It is the intention of this Section to encourage the employment of
 27 previously unemployed Louisiana residents and recipients of Family Independence
 28 Temporary Assistance Program (FITAP) payments participating in Family
 29 Independence Work Program, the Louisiana FIND Work Program by providing an

1 incentive to potential employers in the form of a credit against the state income and
 2 corporation franchise tax for the employment of each person and participant of
 3 Family Independence Work Program in a newly created full-time job. Therefore, a
 4 credit against the state income tax and corporation franchise tax is hereby granted for
 5 each new full-time job created **before January 1, 2018**, by an employer after the
 6 employer has created a number of new full-time jobs which are in excess of five
 7 percent of the base as defined herein, which job employs a previously unemployed
 8 person. The "base" shall be the average full-time number of jobs reported by the
 9 employer to the administrator of the Louisiana Employment Security Law for the
 10 previous taxable period.

11 * * *

12 ~~C. Commencing no later than January 31, 2016, the House Committee on~~
 13 ~~Ways and Means and the Senate Committee on Revenue and Fiscal Affairs shall~~
 14 ~~review the credit authorized pursuant to the provisions of this Section to determine~~
 15 ~~if the economic benefit provided by such credit outweighs the loss of revenue~~
 16 ~~realized by the state as a result of awarding such credit. The House and Senate~~
 17 ~~committees shall make a specific recommendation no later than March 1, 2017, to~~
 18 ~~either continue the credit or to terminate the credit~~ **No credits shall be earned**
 19 **pursuant to this Section for employees hired after December 31, 2017.**

20 * * *

21 §6009. Louisiana Basic Skills Training Tax Credit

22 * * *

23 D. Tax credits. (1) Any Louisiana business or industry which satisfies the
 24 criteria provided for herein **before January 1, 2018**, shall, with submission of proper
 25 and complete applications, receive a one hundred eighty dollar tax credit per
 26 participating employee, with the total of all such basic skills training tax credits not
 27 to exceed twenty-one thousand six hundred dollars for any such single business or
 28 industry enterprise in a particular tax year. This tax credit may be applied to any state
 29 income tax liability or any state corporation franchise tax liability and, if the entire

1 credit cannot be used in the year earned, the remainder may be applied against
2 income tax or corporation franchise tax liabilities for the succeeding two tax years,
3 or until the entire credit is used, whichever occurs first.

4 * * *

5 §6012. Employer tax credits for donations of materials, equipment, advisors, or
6 instructors

7 * * *

8 B. ~~There~~ **For donations made before January 1, 2018, there** shall be a
9 credit against any Louisiana income or corporation franchise tax for the donation of
10 the latest technology available in materials, equipment, or instructors made to public
11 training providers, secondary and postsecondary vocational-technical schools,
12 apprenticeship program registered with the Louisiana Workforce Commission, or
13 community colleges within the state. The credit shall be an amount equal to thirty-six
14 one hundredths of the value of the donated materials, equipment, or services
15 rendered by the instructor. Any such credit shall be taken as a credit against the
16 applicable tax or taxes in the taxable period in which the donation was made. This
17 tax credit, when combined with all other applicable tax credits, shall not exceed
18 twenty percent of the employer's tax liability for any taxable year.

19 * * *

20 §6013. Tax credits for donations made to public schools

21 A. ~~There~~ **For donations made before January 1, 2018, there** shall be
22 allowed a credit against the corporate income tax and the corporation franchise tax
23 for qualified donations made to a public school. The credit shall be an amount equal
24 to twenty-eight and eight tenths percent of the appraised value of the qualified
25 donation. Any such credit shall be taken as a credit against the corporate income or
26 corporation franchise tax for the taxable year in which the donation is made. The
27 total of all such credits taken in a taxable year shall not exceed the total tax liability
28 for that taxable year.

29 * * *

1 §6017. Tax credits for certain expenses paid by economic development corporations

2 A. For filing fees paid before January 1, 2018, there shall be allowed a
3 credit against any Louisiana income or corporation franchise taxes for the filing fee
4 paid to the Louisiana State Bond Commission that is incurred by an economic
5 development corporation in the preparation and issuance of bonds, as provided for
6 in Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950. The credit shall
7 be an amount equal to seventy-two percent of the amount of the filing fee paid to the
8 Louisiana State Bond Commission that is incurred by the corporation in the
9 preparation and issuance of the bonds.

10 * * *

11 §6018. Tax credits for purchasers from "PIE contractors"

12 * * *

13 G. No credit shall be authorized pursuant to this Section for purchases
14 made on or after January 1, 2018.

15 * * *

16 §6037. Tax credit for "green job industries"

17 * * *

18 I. ~~Commencing no later than January 31, 2016, the House Committee on~~
19 ~~Ways and Means and the Senate Committee on Revenue and Fiscal Affairs shall~~
20 ~~review the credit authorized pursuant to the provisions of this Section to determine~~
21 ~~if the economic benefit provided by such credit outweigh the loss of revenue realized~~
22 ~~by the state as a result of awarding such credit. The House and Senate committees~~
23 ~~shall make a specific recommendation no later than March 1, 2017, to either continue~~
24 ~~the credit or to terminate the credit~~ **No credits shall be granted pursuant to this**
25 **Section for applications for initial certification received on or after January 1,**
26 **2018.**

27 Section 2. R.S. 51:1807(A)(3) is hereby enacted to read as follows:

28 §1807. Incentives

29 A. The board, after consultation with the secretaries of the Department of

1 Economic Development and Department of Revenue, and with the approval of the
2 governor, may enter into contracts to provide:

3 * * *

4 **(3) No new contracts for exemptions pursuant to this Section shall be**
5 **entered into after December 31, 2017.**

6 Section 3. R.S. 47:12 is hereby repealed.

7 Section 4. This Act shall become effective upon signature by the governor or, if not
8 signed by the governor, upon expiration of the time for bills to become law without signature
9 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
10 vetoed by the governor and subsequently approved by the legislature, this Act shall become
11 effective on the day following such approval.

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

DIGEST

SB 173 Original 2017 Regular Session Morrell

Present law provides for income and corporation tax credits for a percentage of the cost of certain qualifying activities.

Proposed law provides that the following credits cannot be earned for the qualifying activities after December 31, 2017:

- (1) Certain refunds issued by utilities.
- (2) Employer credit (Employment of the Previously Unemployed).
- (3) Louisiana Basic Skills Training Tax Credit.
- (4) Employer tax credits for donations of materials, equipment, advisors, or instructors.
- (5) Tax credits for donations made to public schools.
- (6) Tax credits for certain expenses paid by economic development corporations.
- (7) Tax credits for purchasers from "PIE contractors".
- (8) Tax credit for "green job industries".
- (9) Urban Revitalization Tax Incentive Program.

Present law include a state low-income housing credit tax that expired on January 1, 1994.

Proposed law repeals the provisions of expired state low-income housing credit tax.

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

(Amends R.S. 47:265, 287.664, 6004(A)(1) and (C), 6009(D)(1), 6012(B), 6013(A), 6017(A), and 6037(I); adds R.S. 47:6018(G) and R.S. 51:1807(A)(3); repeals R.S. 47:12)