

2017 Regular Session

HOUSE BILL NO. 651

BY REPRESENTATIVE BROADWATER

TAX/CORP INCOME: Provides relative to corporate income tax credits

1 AN ACT

2 To amend and reenact R.S. 47:287.759(A), 297(B) and (G)(2), 297.6(A)(1)(a), 6005(C)(1),

3 6013(A), 6020(D)(2)(a), 6022(D)(3)(introductory paragraph),

4 6034(C)(1)(a)(iii)(bb)(introductory paragraph) and (d)(ii), 6035(D), and

5 6037(B)(2)(b)(i) and (ii) and (c), R.S. 51:2354(B)(introductory paragraph) and (C),

6 and 2399.3(A)(2)(b)(introductory paragraph), and Sections 7 and 8 of Act No. 125

7 of the 2015 Regular Session of the Legislature, to enact R.S. 47:6022(D)(4) and

8 6034(C)(1)(a)(iii)(cc) and R.S. 51:2354(D) and 2399.3(A)(2)(c), and to repeal

9 Sections 4, 5, and 6 of Act No. 125 of the 2015 Regular Session of the Legislature;

10 relative to income and corporate franchise tax credits; to reduce the amounts of

11 certain credits; to provide for the continued effectiveness of certain previous

12 reductions; and to provide for related matters.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 47:287.759(A), 297(B) and (G)(2), 297.6(A)(1)(a), 6005(C)(1),

15 6013(A), 6020(D)(2)(a), 6022(D)(3)(introductory paragraph),

16 6034(C)(1)(a)(iii)(bb)(introductory paragraph) and (d)(ii), 6035(D), and 6037(B)(2)(b)(i)

17 and (ii) and (c) are hereby amended and reenacted and R.S. 47:6022(D)(4) and

18 6034(C)(1)(a)(iii)(cc) are hereby enacted to read as follows:

1 §287.759. Tax credit for employee and dependent health insurance coverage.

2 A. When any contractor or subcontractor in the letting of any contract for the  
3 construction of a public work offers health insurance coverage as provided for in this  
4 Section, ~~they~~ he shall be eligible for a three ~~and six tenths~~ percent income tax credit  
5 on forty percent of the amount of the contract received in a tax year if eighty-five  
6 percent of the full-time employees of each contractor are offered health insurance  
7 coverage and each such general contractor or subcontractor pays seventy-five percent  
8 of the total premium for such health insurance coverage for each full-time employee  
9 who chooses to participate and pays not less than fifty percent of the total premium  
10 for health insurance coverage for each dependent of the full-time employee who  
11 elects to participate in dependent coverage.

12 \* \* \*

13 §297. Reduction to tax due

14 \* \* \*

15 B. The tax determined as provided in this Part shall be reduced by the  
16 following: a credit for the elderly, a credit for contributions to candidates for public  
17 office, an investment credit, a credit for foreign tax, a work incentive credit, jobs  
18 credit, and residential energy credits. The amount of these credits shall be the lesser  
19 of eighteen dollars or seven ~~and two tenths of one~~ percent of the same credits  
20 allowed on the federal income tax return for the same taxable period.

21 \* \* \*

22 G. There shall be an environmental equipment purchase tax credit to be  
23 determined as follows:

24 \* \* \*

25 (2) The tax credit shall be fourteen ~~and four tenths~~ percent of the purchase  
26 price of the equipment if paid for in a single taxable year. If the equipment purchase  
27 is financed over two or more taxable years, the tax credit in a taxable year shall be  
28 fourteen ~~and four tenths~~ percent of that portion of the original purchase price paid  
29 in that taxable year. For partnerships and Subchapter S Corporations, the tax credit

1 shall proportionately pass through to each partner or shareholder in the same  
2 percentage in which other shares of income, gain, loss, deduction or credit are  
3 distributed in accordance with the partnership or shareholder agreement.

4 \* \* \*

5 §297.6. Reduction to tax due; rehabilitation of residential structures

6 A.(1) There shall be a credit against individual income tax liability due under  
7 this Title for the amount of eligible costs and expenses incurred during the  
8 rehabilitation of an owner-occupied residential or owner-occupied mixed use  
9 structure located in a National Register Historic District, a local historic district, a  
10 Main Street District, a cultural products district, or a downtown development district,  
11 or such owner-occupied residential structure that has been listed or is eligible for  
12 listing on the National Register, or such structure that has been certified by the State  
13 Historic Preservation Office as contributing to the historical significance of the  
14 district, or a vacant and blighted owner-occupied residential structure located  
15 anywhere in the state that is at least fifty years old. The tax credit authorized  
16 pursuant to this Section shall be limited to one credit per structure rehabilitated. The  
17 total credit shall not exceed eighteen thousand five hundred dollars per structure. In  
18 order to qualify for that credit, the rehabilitation costs for the structure must exceed  
19 ten thousand dollars.

20 (a) If the credit is for the rehabilitation of an owner-occupied residential  
21 structure, the credit shall be ~~eighteen and one-half of one~~ percent of the eligible costs  
22 and expenses of a rehabilitation for which an application for credit has been filed for  
23 the first time after July 1, 2011 and on or before July 1, 2015. The credit shall be  
24 eighteen and one-half percent of the eligible costs and expenses of a rehabilitation  
25 for which an application for credit has been filed for the first time after July 1, 2015,  
26 and on or before July 1, 2017, and the credit shall be eighteen percent of the eligible  
27 costs and expenses of a rehabilitation for which an application for credit has been  
28 filed for the first time after July 1, 2017. If the residential structure is owned and  
29 occupied by two or more individuals, the applicable percentage shall be based on the

1 sum of all owner-occupants who contribute to the rehabilitation, and the credit will  
2 be divided between the owner-occupants in proportion to their contribution to the  
3 eligible costs and expenses.

4 \* \* \*

5 §6005. Qualified new recycling manufacturing or process equipment and service  
6 contracts

7 \* \* \*

8 C.(1) A taxpayer who purchases qualified new recycling manufacturing or  
9 process equipment or qualified service contracts, or both, as defined in this Section  
10 and certified by the secretary of the Department of Environmental Quality to be used  
11 or performed exclusively in this state shall be entitled to a credit against any income  
12 and corporation franchise taxes imposed by the state in an amount equal to fourteen  
13 ~~and four-tenths of one~~ percent of the cost of the new recycling manufacturing or  
14 process equipment or qualified service contract, or both, less the amount of any other  
15 tax credits received for the purchase of such equipment or contract, or both.

16 \* \* \*

17 §6013. Tax credits for donations made to public schools

18 A. There shall be allowed a credit against the corporate income tax and the  
19 corporation franchise tax for qualified donations made to a public school. The credit  
20 shall be an amount equal to twenty-eight ~~and eight-tenths~~ percent of the appraised  
21 value of the qualified donation. Any such credit shall be taken as a credit against the  
22 corporate income or corporation franchise tax for the taxable year in which the  
23 donation is made. The total of all such credits taken in a taxable year shall not exceed  
24 the total tax liability for that taxable year.

25 \* \* \*

26 §6020. Angel Investor Tax Credit Program

27 \* \* \*

28 D. Tax credit

29 \* \* \*

1           (2)(a) An investor may apply for and, if qualified, be granted a credit on any  
 2           income or corporation franchise tax liability owed to the state by the taxpayer  
 3           seeking to claim the credit in the amount approved by the secretary of the  
 4           department. The amount of the tax credit shall be based upon the amount of money  
 5           invested by the investor in the Louisiana Entrepreneurial Business, which investment  
 6           shall not exceed seven hundred twenty thousand dollars per year per business and  
 7           one million four hundred forty thousand dollars total per business. Except as  
 8           otherwise provided in Subparagraph (b) of this Paragraph, the credit shall be allowed  
 9           against the income tax for the taxable period in which the credit is earned and the  
 10          franchise tax for the taxable period following the period in which the credit is earned.  
 11          The credits approved by the department shall be granted at the rate of twenty-five  
 12          ~~and two tenths~~ percent of the amount of the investment with the credit divided in  
 13          equal portions for five years.

\*       \*       \*

§6022. Digital interactive media and software tax credit

\*       \*       \*

D. Tax credit; specific projects.

\*       \*       \*

19           (3) For applications for state-certified productions submitted to the office on  
 20           or after July 1, 2015, and before July 1, 2017, and subsequently approved by the  
 21           office and secretary, there are hereby authorized tax credits that shall be earned by  
 22           a company at the time funds are expended in Louisiana on a state-certified  
 23           production as follows:

\*       \*       \*

25           (4) For applications for state-certified productions submitted to the office on  
 26           or after July 1, 2017, and subsequently approved by the office and secretary, there  
 27           are hereby authorized tax credits that shall be earned by a company at the time funds  
 28           are expended in Louisiana on a state-certified production as follows:





1 §6037. Tax credit for "green job industries"

2 \* \* \*

3 B. Income tax credits for state-certified green projects:

4 \* \* \*

5 (2)

6 \* \* \*

7 (b) The base investment credit for state-certified green projects shall be for  
8 the following amounts:

9 (i) If the total base investment is greater than one hundred thousand dollars  
10 and less than or equal to three hundred thousand dollars, a company shall be allowed  
11 a tax credit of seven ~~and two tenths of one~~ percent of the base investment made by  
12 that company.

13 (ii) If the total base investment is greater than three hundred thousand dollars  
14 and less than or equal to one million dollars, a company shall be allowed a tax credit  
15 of fourteen ~~and four tenths of one~~ percent of the base investment made by that  
16 company.

17 \* \* \*

18 (c) To the extent that base investment is expended on payroll for Louisiana  
19 residents employed in connection with the construction of a state-certified green  
20 project, a company shall be allowed an additional tax credit of seven ~~and two tenths~~  
21 ~~of one~~ percent of the payroll; however, if the amount paid to any one person exceeds  
22 one million dollars, the additional credit shall not include any amount paid to that  
23 person that exceeds one million dollars.

24 \* \* \*

25 Section 2. R.S. 51:2354(B)(introductory paragraph) and (C) and  
26 2399.3(A)(2)(b)(introductory paragraph) are hereby amended and reenacted and R.S.  
27 51:2354(D) and 2399.3(A)(2)(c) are hereby enacted to read as follows:



1 §2354. Technology commercialization credit; amount; duration; forfeit

2 \* \* \*

3 B. For applications for the technology commercialization credit approved on  
4 or after July 1, 2015, and before July 1, 2017, the following shall apply:

5 \* \* \*

6 C. For applications for the technology commercialization credit approved on  
7 or after July 1, 2017, the following shall apply:

8 (1) Except as provided in Paragraph (2) of this Subsection, the taxpayer may  
9 earn and apply for and, if qualified, be granted a refundable tax credit which may be  
10 applied to any income or corporation franchise tax liability owed to the state by the  
11 taxpayer seeking to claim the credit, equal in value to twenty-nine percent of the  
12 amount of money invested by the taxpayer applicant in commercialization costs for  
13 one business location meeting the requirements of R.S. 51:2353(C)(1) and (2) as  
14 certified by the Department of Economic Development.

15 (2) A tax credit granted pursuant to this Part shall expire and have no value  
16 or effect on tax liability beginning with the twenty-first tax year after the tax year in  
17 which it was originally earned, applied for, and granted. An applicant that meets the  
18 requirements of R.S. 51:2353 and is approved by the Department of Economic  
19 Development may receive a refundable tax credit based on new jobs for the period  
20 of time approved which shall be equal to four percent multiplied by the gross payroll  
21 of new direct jobs meeting the requirements of R.S. 51:2353(C)(3) and (4) as  
22 certified by the Department of Economic Development.

23 D. Upon approval of such an application, the Department of Economic  
24 Development shall notify the Department of Revenue and shall provide it with a  
25 copy of the certification. The Department of Revenue may require the qualified  
26 employer to submit such additional information as may be necessary to administer  
27 the provisions of this Chapter. The approved employer shall file applications for  
28 refundable tax credits based on new jobs with the Department of Economic  
29 Development to show its continued eligibility for the refundable tax credits. The

1 employer may be audited by the Department of Economic Development to verify  
2 such eligibility.

3 \* \* \*

4 §2399.3. Modernization tax credit

5 A.

6 \* \* \*

7 (2)

8 \* \* \*

9 (b) For credits approved on and after July 1, 2015, and before July 1, 2017,  
10 the following shall apply:

11 \* \* \*

12 (c) For credits approved on and after July 1, 2017, the following shall apply:

13 (i) The credits approved by the department shall be granted at the rate of four  
14 percent of the amount of qualified expenditures incurred by the employer for  
15 modernization with the credit divided in equal portions for five years, subject to the  
16 limitations provided for in other Paragraphs of this Subsection.

17 (ii) The total amount of modernization tax credits granted by the Department  
18 of Economic Development in any calendar year shall not exceed seven million two  
19 hundred thousand dollars irrespective of the year in which claimed. The department  
20 shall by rule establish the method of allocating available tax credits to applicants,  
21 including but not limited to a first come, first served system, reservation of tax  
22 credits for a specified time period, or other method which the department, in its  
23 discretion, may find beneficial to the program. In the event that the total amount of  
24 credits granted in any calendar year is less than seven million two hundred thousand  
25 dollars, any residual amount of unused credits shall carry forward for use in  
26 subsequent years and may be granted in addition to the seven million two hundred  
27 thousand dollar limit for each year.

28 \* \* \*

1 Section 3. Sections 7 and 8 of Act No. 125 of the 2015 Regular Session of the  
2 Legislature are hereby amended and reenacted to read as follows:

3 Section 7.(A) Except as provided for in Subsection (B) of this  
4 Section, the provisions of Sections 1, 2, and 3 of this Act shall apply to a  
5 claim for a credit on any return filed on or after July 1, 2015, ~~through the~~  
6 ~~termination date in the Act that originated as House Bill No. 62 of the 2016~~  
7 ~~First Extraordinary Session of the Legislature~~ regardless of the taxable year  
8 to which the return relates.

9 (B) The provisions of Sections 1, 2, and 3 of this Act shall not apply  
10 to an amended return filed on or after July 1, 2015, ~~through the termination~~  
11 ~~date in the Act that originated as House Bill No. 62 of the 2016 First~~  
12 ~~Extraordinary Session of the Legislature~~ relating to a credit properly claimed  
13 on an original return filed prior to July 1, 2015.

14 (C) If a return is filed after July 1, 2015, ~~through the termination date~~  
15 ~~in the Act that originated as House Bill No. 62 of the 2016 First~~  
16 ~~Extraordinary Session of the Legislature~~ for which a valid filing extension  
17 has been allowed prior to July 1, 2015, then any portion of the credit reduced  
18 by the provisions of Sections 1, 2, or 3 of this Act shall be allowed as a credit  
19 in the amount of one-third of the reduced portion of the credit on the  
20 taxpayer's return for each of the taxable years beginning during calendar  
21 years 2017, 2018, and 2019.

22 Section 8.(A) The provisions of Sections 1, 2, and 3 of this Act shall  
23 become effective on July 1, 2015. ~~In the event the Act that originated as~~  
24 ~~House Bill No. 62 of the 2016 First Extraordinary Session of the Legislature~~  
25 ~~is enacted and becomes effective, the provisions of Sections 1, 2, and 3 of~~  
26 ~~this Act shall remain in effect through the termination date in the Act that~~  
27 ~~originated as House Bill No. 62 of the 2016 First Extraordinary Session of~~  
28 ~~the Legislature.~~

1                   ~~(B) The provisions of Sections 4, 5, and 6 of this Act shall become~~  
2                   ~~effective upon the termination date of Sections 1, 2, and 3 of this Act, as~~  
3                   ~~provided in this Section.~~

4           Section 4. Sections 4, 5, and 6 of Act No. 125 of the 2015 Regular Session of the  
5   Legislature are hereby repealed in their entirety.

6           Section 5. The Louisiana State Law Institute is hereby directed to redesignate R.S.  
7   51:2399.3(A)(2)(c), (d), and (e) as designated prior to the effective date of this Act to R.S.  
8   51:2399.3(A)(2)(d), (e), and (f).

9           Section 6. This Act shall become effective upon signature by the governor or, if not  
10   signed by the governor, upon expiration of the time for bills to become law without signature  
11   by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
12   vetoed by the governor and subsequently approved by the legislature, this Act shall become  
13   effective on the day following such approval.

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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)]

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HB 651 Original

2017 Regular Session

Broadwater

**Abstract:** Provides relative to corporate income tax credits.

Proposed law amends certain income and sales tax credits and exemptions as follows:

- (1) (R.S. 47:287.759) Income tax credits for employee and dependent health insurance from 3 6/10ths% to 4% on 40% of the amount of the contract received in a tax year if 85% of the full-time employees of each contractor are offered health insurance and each contractor or sub-contractor pays 75% of the premium for each full-time employee.
- (2) (R.S. 47:297(B)) Income tax credits for elderly, contributions to candidate for public office, investments, foreign taxes, work incentive, jobs and residential energy credits from 7 2/10ths% to 7%.
- (3) (R.S. 47:297(G)) Income tax credit for environmental equipment purchase from 14 4/10ths% to 14%.
- (4) (R.S. 47:297.6) Income tax reduction for rehabilitation of owner-occupied residential structures from 18 ½% to 18% of the eligible costs and expenses.
- (5) (R.S. 47:6005) Sales tax exemption for purchase of new recycling manufacturing or process equipment and service contracts from 14 4/10ths% to 14% of the cost of the equipment or contract.

- (6) (R.S. 47:6013) Corporate income and franchise tax credit for donations made to a public school from 28 8/10ths% to 28%.
- (7) (R.S. 47:6020) Angel Investor Tax Credit from 25 2/10ths% to 25% of the amount of investment.
- (8) (R.S. 47:6022) Corporate Income tax credit for digital interactive media and software from 7 2/10ths% to 7%.
- (9) (R.S. 47:6034) Income tax credit for musical and theatrical production where total base investment is between \$100,000 and \$300,000 from 7 2/10ths% to 7%; and where the total base investment is between \$300,000 and \$1 million from 14 4/10ths% to 14%; and if the base investment is spent on payroll for Louisiana residents, an additional credit from 7 2/10ths% to 7%.
- (10) (R.S. 47:6035) Corporate income tax credit for conversion of vehicles to alternative fuel from 7 2/10ths% to 7% of the cost of the motor vehicle.
- (11) (R.S. 47:6037) Income tax credit for green jobs industries where total base investment is between \$100,000 and \$300,000 from 7 2/10ths% to 7%; and where the total base investment is between \$300,000 and \$1 million from 14 4/10ths% to 14%; and if the base investment is spent on payroll for Louisiana residents, an additional million credit from 7 2/10ths% to 7%.
- (12) (R.S. 51:2354) Technology commercialization credit from 28 8/10ths% to 29% of the money invested in commercialization costs for one business location; and a credit for new jobs created from 4 32/100ths% to 4%.
- (13) (R.S. 51:2399.3) Modernization credit approved on or after July 1, 2015, from 3 6/10ths% to 4%.

Proposed law repeals the sunset date (June 30, 2018) for the 28% reductions to the following tax credits contained in Act No. 125 of the 2015 R.S., as amended by Act No. 29 of the 2016 1st ES, thereby providing for the continued effectiveness of the 28% reductions:

- (1) R.S. 25:1226.4 Atchafalaya Trace Heritage Area Development Zone tax credit
- (2) R.S. 47:34 Corporation tax credit
- (3) R.S. 47:35 Neighborhood assistance tax credit
- (4) R.S. 47:37 Credit for contributions to educational institutions
- (5) R.S. 47:227 Offset against tax; insurance premium
- (6) R.S. 47:265 Credits arising from refunds by utilities
- (7) R.S. 47:287.664 Credits arising from refunds by utilities
- (8) R.S. 47:287.748 Corporation tax credit; re-entrant jobs credit
- (9) R.S. 47:287.749 Jobs credit
- (10) R.S. 47:287.752 Credit for employment of first-time nonviolent offenders
- (11) R.S. 47:287.753 Neighborhood assistance tax credit
- (12) R.S. 47:287.755 Credit for contributions to educational institutions

- (13) R.S. 47:287.758 Credit for bone marrow donor expense
- (14) R.S. 47:287.759 Credit for employee and dependent health insurance coverage
- (15) R.S. 47:297 Reduction to tax due
- (16) R.S. 47:297.6 Credit for rehabilitation of residential structures
- (17) R.S. 47:297.9 Certain military service members and dependents hunting and fishing licenses
- (18) R.S. 47:6004 Employer Credit
- (19) R.S. 47:6005 Qualified new recycling manufacturing equipment and service contracts
- (20) R.S. 47:6008 Credit for donations to assist playgrounds in economically depressed areas
- (21) R.S. 47:6009 Louisiana Basic Skills Training Tax Credit
- (22) R.S. 47:6012 Employer tax credits for donations of materials, equipment, advisors, or instructors
- (23) R.S. 47:6013 Credit for donations to public schools
- (24) R.S. 47:6017 Credit for expenses paid by economic development corporations
- (25) R.S. 47:6018 Credit for purchasers from "PIE contractors"
- (26) R.S. 47:6020 Angel Investor tax credit program
- (27) R.S. 47:6022 Digital interactive media and software tax credit
- (28) R.S. 47:6023 Sound recording investor tax credit
- (29) R.S. 47:6025 Credit for La. Citizens Property Insurance Corp. assessment
- (30) R.S. 47:6026 Cane River heritage tax credit
- (31) R.S. 47:6032 Credit for certain milk producers
- (32) R.S. 47:6034 Musical and theatrical production income tax credit
- (33) R.S. 47:6035 Credit for conversion of vehicles to alternative fuel usage
- (34) R.S. 47:6036 Ports of Louisiana tax credit
- (35) R.S. 47:6037 Credit for "green job industries"
- (36) R.S. 51:1807 Incentives (Urban Revitalization)
- (37) R.S. 51:2354 Technology commercialization credit
- (38) R.S. 51:2399.3 Modernization tax credit
- (39) R.S. 51:3085 Community Development Financial Institution tax credit

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

(Amends R.S. 47:287.759(A), 297(B) and (G)(2), 297.6(A)(1)(a), 6005(C)(1), 6013(A), 6020(D)(2)(a), 6022(D)(3)(intro. para.), 6034(C)(1)(a)(iii)(bb)(intro. para.) and (d)(ii), 6035(D), and 6037(B)(2)(b)(i) and (ii) and (c), R.S. 51:2354(B)(intro. para.) and (C), and 2399.3(A)(2)(b)(intro. para.), and §§7 and 8 of Act No. 125 of 2015 R.S.; Adds R.S. 47:6022(D)(4) and 6034(C)(1)(a)(iii)(cc) and R.S. 51:2354(D) and 2399.3(A)(2)(c); Repeals §§4, 5, and 6 of Act No. 125 of 2015 R.S.)