

2017 Regular Session

SENATE BILL NO. 181

BY SENATOR MORRELL

TAX/TAXATION. Terminates certain tax credit programs. (gov sig)

1 AN ACT  
2 To amend and reenact R.S. 47:265, 287.664, 287.758(B), 6008(A), 6009(D)(1), 6012(B),  
3 6013(A), and 6017(A) all as amended by Section 2 of Act No. 125 of the 2015  
4 Regular Session of the Legislature, 6004(A)(1) and (C), to enact R.S. 47:6018(G),  
5 R.S. 51:2399.4(C)(3) and 3085(B)(5), and to repeal R.S. 47:265, 287.664,  
6 287.758(B), 6008(A), 6009(D)(1), 6012(B), 6013(A), and 6017(A) all as amended  
7 by Section 5 of Act No. 125 of the 2015 Regular Session of the Legislature, R.S.  
8 47:12, 35, 287.753, 287.756, 287.759, 301(10)(a)(vi), and 6021, and Chapter 26 of  
9 Title 51 of the Louisiana Revised Statutes of 1950 comprised of R.S. 51:1921  
10 through 1935, relative to tax credits and exemptions; to provide for termination dates  
11 for certain tax credits; to add additional requirements for eligibility to earn credits;  
12 to repeal expired tax credits and exemptions; to provide for an effective date; and to  
13 provide for related matters.  
14 Be it enacted by the Legislature of Louisiana:  
15 Section 1. R.S. 47:265, 287.664, 287.758(B), 6008(A), 6009(D)(1), 6012(B),  
16 6013(A), and 6017(A) all as amended by Section 2 of Act No. 125 of the 2015 Regular  
17 Session of the Legislature, 6004(A)(1) and (C) are hereby amended and reenacted and R.S.

1 47:6018(G) is hereby enacted to read as follows:

2 §265. Credits arising from refunds by utilities

3 ~~Whenever~~ **For refunds paid before July 1, 2017, whenever** a utility refunds  
4 to its customers, pursuant to an order of a court or regulatory agency as a result of  
5 the denial of a proposed rate increase, an amount or amounts which, if taken as a  
6 deduction from gross income in the year paid or accrued, would result in a net loss,  
7 then in lieu of such deduction the utility may elect to take a credit against its  
8 Louisiana income tax in the amount of seventy-two percent of the income tax  
9 increase which was the sole result of the inclusion of the amount or amounts  
10 refunded in gross income in the year or years received irrespective of whether or not  
11 the period of limitation provided in R.S. 47:1623 has expired for the year in which  
12 the amount refunded was included in gross income. If this credit exceeds the income  
13 tax that would be due the ~~State~~ **state** of Louisiana in the year of the refund, computed  
14 without the credit, then the excess of this credit may be carried over the following  
15 two taxable years.

16 \* \* \*

17 §287.664. Credits arising from refunds by utilities

18 ~~Whenever~~ **For refunds paid before July 1, 2017, whenever** a utility refunds  
19 to its customers, pursuant to an order of a court or regulatory agency as a result of  
20 the denial of a proposed rate increase, an amount or amounts which, if taken as a  
21 deduction from gross income in the year paid or accrued, would result in a net loss,  
22 then in lieu of such deduction the utility may elect to take a credit against its  
23 Louisiana income tax in the amount of seventy-two percent of the income tax  
24 increase which was the sole result of the inclusion of the amount or amounts  
25 refunded in gross income in the year or years received irrespective of whether or not  
26 the period of limitation provided in R.S. 47:1623 has expired for the year in which  
27 the amount refunded was included in gross income. If this credit exceeds the income  
28 tax that would be due the state of Louisiana in the year of the refund, computed  
29 without the credit, then the excess of this credit may be carried over the following

1 two taxable years.

2 \* \* \*

3 §287.758. Tax credit for bone marrow donor expense

4 \* \* \*

5 B. A credit against the taxes otherwise due under this Part for the tax year is  
6 allowed to an employer. The amount of the credit is equal to eighteen percent of the  
7 bone marrow donor expense paid or incurred during the tax year by an employer to  
8 provide a program for employees who are potential or who actually become bone  
9 marrow donors, **for expenses incurred on or before July 1, 2017.**

10 \* \* \*

11 §6004. Employer credit

12 A.(1) It is the intention of this Section to encourage the employment of  
13 previously unemployed Louisiana residents and recipients of Family Independence  
14 Temporary Assistance Program (FITAP) payments participating in Family  
15 Independence Work Program, the Louisiana FIND Work Program by providing an  
16 incentive to potential employers in the form of a credit against the state income and  
17 corporation franchise tax for the employment of each person and participant of  
18 Family Independence Work Program in a newly created full-time job. Therefore, a  
19 credit against the state income tax and corporation franchise tax is hereby granted for  
20 each new full-time job created **before July 1, 2017,** by an employer after the  
21 employer has created a number of new full-time jobs which are in excess of five  
22 percent of the base as defined herein, which job employs a previously unemployed  
23 person. The "base" shall be the average full-time number of jobs reported by the  
24 employer to the administrator of the Louisiana Employment Security Law for the  
25 previous taxable period.

26 \* \* \*

27 C. ~~Commencing no later than January 31, 2016, the House Committee on~~  
28 ~~Ways and Means and the Senate Committee on Revenue and Fiscal Affairs shall~~  
29 ~~review the credit authorized pursuant to the provisions of this Section to determine~~

1 ~~if the economic benefit provided by such credit outweighs the loss of revenue~~  
 2 ~~realized by the state as a result of awarding such credit. The House and Senate~~  
 3 ~~committees shall make a specific recommendation no later than March 1, 2017, to~~  
 4 ~~either continue the credit or to terminate the credit~~ **No credits shall be earned**  
 5 **pursuant to this Section for employees hired after June 30, 2017.**

6 \* \* \*

7 §6008. Tax credits for donations made to assist playgrounds in economically  
 8 depressed areas

9 A. ~~There~~ **For qualified donations made before July 1, 2017, there** shall be  
 10 allowed a credit against any Louisiana income or corporation franchise tax for  
 11 qualified donations made to qualified playgrounds. The credit shall be an amount  
 12 equal to the lesser of seven hundred twenty dollars or thirty-six one hundredths of  
 13 the value of the cash, equipment, goods, or services donated. Any such credit shall  
 14 be taken as a credit against the applicable tax or taxes only in the taxable period in  
 15 which the donation is made. The total amount of the credits taken by any taxpayer  
 16 during any taxable year shall not exceed one thousand dollars.

17 \* \* \*

18 §6009. Louisiana Basic Skills Training Tax Credit

19 \* \* \*

20 D. Tax credits. (1) Any Louisiana business or industry which satisfies the  
 21 criteria provided for herein **before July 1, 2017,** shall, with submission of proper and  
 22 complete applications, receive a one hundred eighty dollar tax credit per  
 23 participating employee, with the total of all such basic skills training tax credits not  
 24 to exceed twenty-one thousand six hundred dollars for any such single business or  
 25 industry enterprise in a particular tax year. This tax credit may be applied to any state  
 26 income tax liability or any state corporation franchise tax liability and, if the entire  
 27 credit cannot be used in the year earned, the remainder may be applied against  
 28 income tax or corporation franchise tax liabilities for the succeeding two tax years,  
 29 or until the entire credit is used, whichever occurs first.

\* \* \*

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

\* \* \*

B. ~~There~~ **For donations made before July 1, 2017, there** shall be a credit against any Louisiana income or corporation franchise tax for the donation of the latest technology available in materials, equipment, or instructors made to public training providers, secondary and postsecondary vocational-technical schools, apprenticeship program registered with the Louisiana Workforce Commission, or community colleges within the state. The credit shall be an amount equal to thirty-six one hundredths of the value of the donated materials, equipment, or services rendered by the instructor. Any such credit shall be taken as a credit against the applicable tax or taxes in the taxable period in which the donation was made. This tax credit, when combined with all other applicable tax credits, shall not exceed twenty percent of the employer's tax liability for any taxable year.

\* \* \*

§6013. Tax credits for donations made to public schools

A. ~~There~~ **For donations made before July 1, 2017, there** shall be allowed a credit against the corporate income tax and the corporation franchise tax for qualified donations made to a public school. The credit shall be an amount equal to twenty-eight and eight tenths percent of the appraised value of the qualified donation. Any such credit shall be taken as a credit against the corporate income or corporation franchise tax for the taxable year in which the donation is made. The total of all such credits taken in a taxable year shall not exceed the total tax liability for that taxable year.

\* \* \*

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

A. **For filing fees paid before July 1, 2017, there** shall be allowed a credit against any Louisiana income or corporation franchise taxes for the filing fee paid

1 to the Louisiana State Bond Commission that is incurred by an economic  
 2 development corporation in the preparation and issuance of bonds, as provided for  
 3 in Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950. The credit shall  
 4 be an amount equal to seventy-two percent of the amount of the filing fee paid to the  
 5 Louisiana State Bond Commission that is incurred by the corporation in the  
 6 preparation and issuance of the bonds.

\* \* \*

8 §6018. Tax credits for purchasers from "PIE contractors"

\* \* \*

10 **G. No credit shall be authorized pursuant to this Section for purchases**  
 11 **made on or after July 1, 2017.**

\* \* \*

13 Section 2. R.S. 51:2399.4(C)(3) and 3085(B)(5) are hereby enacted to read as  
 14 follows:

15 §2399.4. Modernization tax credit approval

\* \* \*

17 C.

\* \* \*

18 **(3) No contract shall be executed under this Chapter with an employer**  
 19 **who does not certify that the employer shall maintain the same statewide**  
 20 **number of employees for five years after completion of the project. Failure to**  
 21 **maintain the same statewide number of employees shall result in the recapture**  
 22 **of all credits granted for the project and may be recovered by the secretary of**  
 23 **the Department of Revenue through any collection remedy authorized by R.S.**  
 24 **47:1561 and initiated within three years from December thirty-first of the year**  
 25 **in which the Department of Revenue is notified by the Department of Economic**  
 26 **Development of the reduction in statewide employees.**

\* \* \*

28 §3085. Tax credit

\* \* \*

1                   B.                                   \*           \*           \*

2                   (5) There shall be no credits granted pursuant to this Section for  
 3                   investments made in an LCDFI on or after July 1, 2017.

4   \*           \*           \*

5                   Section 3. R.S. 47:265, 287.664, 287.758(B), 6008(A), 6009(D)(1), 6012(B),  
 6                   6013(A), and 6017(A) all as amended by Section 5 of Act No. 125 of the 2015 Regular  
 7                   Session of the Legislature, R.S. 47:12, 35, 287.753, 287.756, 287.759, 301(10)(a)(vi), and  
 8                   6021, and Chapter 26 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of  
 9                   R.S. 51:1921 through 1935, are hereby repealed.

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

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The original instrument was prepared by Leonore F. Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by Thomas L. Tyler.

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DIGEST

SB 181 Engrossed

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 June 30, 2017:

- (1) Certain refunds issued by utilities. (R.S. 47:265 and 287.664)
- (2) Tax credit for bone marrow donor expense. (R.S. 47:287.758)
- (3) Employer credit (Employment of the Previously Unemployed). (R.S. 47:6004)
- (4) Tax credits for donations made to assist playgrounds in economically depressed areas. (R.S. 47:6008)
- (5) Louisiana Basic Skills Training Tax Credit. (R.S. 47:6009)
- (6) Employer tax credits for donations of materials, equipment, advisors, or instructors. (R.S. 47:6012)
- (7) Tax credits for donations made to public schools. (R.S. 47:6013)

- (8) Tax credits for certain expenses paid by economic development corporations. (R.S. 47:6017)
- (9) Tax credits for purchasers from "PIE contractors". (R.S. 47:6018)
- (10) Louisiana Community Development Financial Institutions Tax credit. (R.S. 47:3085)

Present law provides businesses a retention and modernization tax credit for modernization of their existing state operations that meet certain qualifications.

Proposed law authorizes the recapture of the retention and modernization tax credit by the Department of Revenue if the business does not maintain the same statewide number of employees for five years after receiving the credit.

Present law includes tax credits and exemptions that are expired.

Proposed law repeals the following expired tax credits and exemptions:

- (1) State low income housing credit. (R.S. 47:12)
- (2) Neighborhood assistance tax credit. (R.S. 47:35 and 287.753)
- (3) Tax credit for environmental equipment purchases. (R.S. 47:287.756)
- (4) Tax credit for employee and dependent health insurance coverage. (R.S. 47:287.759)
- (5) Louisiana Motion Picture Incentive Act (tax credit and sales tax exemption). (R.S. 47:301(10)(a)(vi))
- (6) Brownfields Investor Tax Credit. (R.S. 47:6021)
- (7) Louisiana Capital Companies Tax Credit Program. (R.S. 51:1921 - 1935)

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

(Amends R.S. 47:265, 287.664, 287.758(B), 6008(A), 6009(D)(1), 6012(B), 6013(A), and 6017(A) all as amended by §2 of Act No. 125 of the 2015 RS, 6004(A)(1) and (C), to enact R.S. 47:6018(G), R.S. 51:2399.4(C)(3) and 3085(B)(5), and to repeal R.S. 47:265, 287.664, 287.758(B), 6008(A), 6009(D)(1), 6012(B), 6013(A), and 6017(A) all as amended by §5 of Act No. 125 of the 2015 RS, R.S. 47:12, 35, 287.753, 287.756, 287.759, 301(10)(a)(vi), and 6021, R.S. 51:1921 through 1935)

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the engrossed bill

1. Deletes certain credits from June 30, 2017 sunset provisions.
2. Removes provisions reducing ad valorem tax credits by 25% for inventory and natural gas, offshore vessels, and certain telephone companies.
3. Removes provisions imposing a \$65 million annual cap on historic rehabilitation activities.