

CONFERENCE COMMITTEE REPORT

HB 651

2017 Regular Session

Broadwater

June 8, 2017

To the Honorable Speaker and Members of the House of Representatives and the Honorable President and Members of the Senate.

Ladies and Gentlemen:

We, the conferees appointed to confer over the disagreement between the two houses concerning House Bill No. 651 by Representative Broadwater, recommend the following concerning the Reengrossed bill:

1. That the set of Senate Committee Amendments by the Senate Committee on Revenue and Fiscal Affairs (#2621) be rejected.
2. That the set of Senate Floor Amendments by Senator Luneau (#2884) be adopted.
3. That the following amendments be adopted:

AMENDMENT NO. 1

On page 1, line 2, after "reenact" delete the remainder of the line and delete lines 3 through 13 in their entirety and insert the following:

"R.S. 47:227, 287.759(A), 297(B) and (G)(2), 297.6(A)(1)(a), 6005(C)(1), 6013(A), 6020(D)(2)(a), 6034(C)(1)(a)(iii)(bb)(introductory paragraph) and (d)(ii), and 6037(B)(2)(b)(i) and (ii) and (c) all as amended by Section 2 of Act No. 125 of the 2015 Regular Session of the Legislature, R.S. 47:6022(D)(3)(introductory paragraph), R.S. 51:2354(B)(introductory paragraph) and 2399.3(A)(2)(b)(introductory paragraph) both as amended by Section 3 of Act No. 125 of the 2015 Regular Session of the Legislature, R.S. 51:2354(D) and 2399.3(A)(2)(c), (d), and (e), and Sections 7 and 8 of Act No. 125 of the 2015 Regular Session of the Legislature, to enact R.S. 47:6022(D)(4) and 6034(C)(1)(a)(iii)(cc) and (d)(iii) and R.S. 51:2354(D) and 2399.3(A)(2)(f), and to repeal Sections 4, 5, and 6 of Act No. 125 of the 2015 Regular Session of the Legislature, as amended by Act 29 of the 2016 First Extraordinary Session of the Legislature, relative to income and corporate franchise tax credits; to restore the corporate income tax credit for state insurance premium tax paid; to reduce the amounts of certain credits; to provide for the continued effectiveness of certain previous reductions; and to provide for related matters."

AMENDMENT NO. 2

On page 1, line 15, after "Section 1." delete the remainder of the line and delete lines 16 through 19 in their entirety and insert the following:

"R.S. 47:227, 287.759(A), 297(B) and (G)(2), 297.6(A)(1)(a), 6005(C)(1), 6013(A), 6020(D)(2)(a), 6034(C)(1)(a)(iii)(bb)(introductory paragraph) and (d)(ii), and 6037(B)(2)(b)(i) and (ii) and (c) all as amended by Section 2 of Act No. 125 of the Regular Session of the Legislature, and R.S. 47:6022(D)(3)(introductory paragraph) are hereby amended and reenacted and R.S. 47:6022(D)(4) and 6034(C)(1)(a)(iii)(cc) and (d)(iii) are hereby enacted to read as follows:

§227. Offset against tax

Every insurance company shall be entitled to an offset against any tax incurred under this Chapter, in the amount of any taxes, based on premiums, paid by it during the preceding twelve months, by virtue of any law of this state. ~~Beginning on and after July 1, 2015, the offset shall be equal to seventy-two percent of the amount of any taxes, based on premiums.~~

* * *

AMENDMENT NO. 3

On page 7, delete lines 17 through 29

AMENDMENT NO. 4

On page 8, after "Section 2." delete the remainder of the line and delete lines 26 and 27 in their entirety and insert the following:

"R.S. 51:2354(B)(introductory paragraph) and 2399.3(A)(2)(b)(introductory paragraph) both as amended by Section 3 of Act No. 125 of the 2015 Regular Session of the Legislature and 51:2354(D) and 2399.3(A)(2)(c), (d), and (e) are hereby amended and reenacted and R.S. 51:2354(D) and 2399.3(A)(2)(f) are hereby enacted to read as follows:"

AMENDMENT NO. 5

On page 10, between lines 27 and 28, insert the following:

~~(c)~~ (d) An employer earns the modernization tax credits in the year in which the project is placed in service, but the employer may not claim modernization tax credits until the department signs a project completion form. No project placed in service before July 1, 2011, shall be eligible for the tax credit authorized pursuant to the provisions of this Section.

~~(d)~~ (e) After approving modernization tax credits for an employer, the department shall issue a tax credit certificate, a copy of which is to be attached to the tax return of the employer. The tax credit certificate shall contain the employer's name, address, tax identification number, the amount of credit, and other information required by the Department of Revenue. The tax credit certificate, unless rescinded by the department, shall be accepted by the Department of Revenue as proof of the credit.

~~(e)~~ (f) The Department of Economic Development shall maintain a list of the tax credit certificates issued."

AMENDMENT NO. 6

On page 11, line 2, after "by" and before "29" delete "Acts 28 and" and insert "Act"

AMENDMENT NO. 7

On page 12, delete lines 6 through 8 in their entirety and insert the following:

"Section 5.(A) In case of any conflict between the provisions of this Act and the Act that originated as House Bill No. 454 of this 2017 Regular Session of the Legislature, the provisions of the Act that originated as House Bill No. 454 shall supercede and control regardless of the order of passage.

(B) In case of any conflict between the provisions of this Act and the Act that originated as Senate Bill No. 25 of this 2017 Regular Session of the Legislature, the provisions of the Act that originated as Senate Bill No. 25 shall supercede and control regardless of the order of passage."

Respectfully submitted,

Representative Chris Broadwater

Senator Jean-Paul J. Morrell

Representative Neil C. Abramson

Senator Jim Fannin

Representative James Morris

Senator Jack Donahue

 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)]

CONFERENCE COMMITTEE REPORT DIGEST
HB 651**2017 Regular Session****Broadwater**
Keyword and oneliner of the instrument as it left the House

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

Report adopts Senate amendments to:

1. Reduce the additional payroll credit for the musical and theatrical tax credit from 7.2% to 7% for productions that receive initial certification on or after July 1, 2017.
2. Add applicability provisions.
3. Make technical changes.

Report rejects Senate amendments which would have:

1. Reinstated the full amount of the offset against the corporate income tax for insurance premium tax paid, increasing the offset from 72% to 100% of the insurance premium tax paid.
2. Added a per project cap to the musical and theatrical tax credit.
3. Added an annual cap and reserved 50% of the annual cap for nonprofit organizations.
4. Added a sunset date to the musical and theatrical tax credit.

Report amends the bill to:

1. Reinstated the full amount of the offset against the corporate income tax for insurance premium tax paid, increasing the offset from 72% to 100% of the insurance premium tax paid.
2. Remove the provisions of proposed law relative to the income tax credit for conversion of vehicles to alternative fuels.
3. Add that the provisions of the Act that originated as House Bill No. 454 of the 2017 R.S. supercede, to the extent that there is conflict between that Act and proposed law, regardless of the order of passage.
4. Add that the provisions of the Act that originated as Senate Bill No. 25 of the 2017 R.S. supercede, to the extent that there is conflict between that Act and proposed law, regardless of the order of passage.
5. Make technical changes.

Digest of the bill as proposed by the Conference Committee

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

- (1) (R.S. 47:227) Corporate income tax offset for state insurance premium taxes paid is increased from 72% to 100%.
- (2) (R.S. 47:287.759) Income tax credits for employee and dependent health insurance from 3.6 % 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 % to 7%.
- (3) (R.S. 47:297(G)) Income tax credit for environmental equipment purchase from 14.4% to 14%.
- (4) (R.S. 47:297.6) Income tax reduction for rehabilitation of owner-occupied residential structures from 18.5% 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% 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% to 28%.
- (7) (R.S. 47:6020) Angel Investor Tax Credit from 25.2% 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% 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% to 7%; and where the total base investment is between \$300,000 and \$1 million from 14.4% to 14%; and if the base investment is spent on payroll for Louisiana residents, an additional credit from 7.2% to 7%.
- (10) (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% to 7%; and where the total base investment is between \$300,000 and \$1 million from 14.4% to 14%; and if the base investment is spent on payroll for Louisiana residents, an additional \$1 million credit from 7.2% to 7%.
- (11) (R.S. 51:2354) Technology commercialization credit from 28.8% to 29% of the money invested in commercialization costs for one business location; and a credit for new jobs created from 4.32% to 4%.
- (12) (R.S. 51:2399.3) Modernization credit approved on or after July 1, 2015, from 3.6% 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. 47:265 Credits arising from refunds by utilities
- (6) R.S. 47:287.664 Credits arising from refunds by utilities
- (7) R.S. 47:287.748 Corporation tax credit; re-entrant jobs credit
- (8) R.S. 47:287.749 Jobs credit
- (9) R.S. 47:287.752 Credit for employment of first-time nonviolent offenders
- (10) R.S. 47:287.753 Neighborhood assistance tax credit
- (11) R.S. 47:287.755 Credit for contributions to educational institutions
- (12) R.S. 47:287.758 Credit for bone marrow donor expense
- (13) R.S. 47:287.759 Credit for employee and dependent health insurance coverage
- (14) R.S. 47:297 Reduction to tax due
- (15) R.S. 47:297.6 Credit for rehabilitation of residential structures
- (16) R.S. 47:297.9 Certain military service members and dependents hunting and fishing licenses
- (17) R.S. 47:6004 Employer Credit
- (18) R.S. 47:6005 Qualified new recycling manufacturing equipment and service contracts
- (19) R.S. 47:6008 Credit for donations to assist playgrounds in economically depressed areas
- (20) R.S. 47:6009 Louisiana Basic Skills Training Tax Credit
- (21) R.S. 47:6012 Employer tax credits for donations of materials, equipment, advisors, or instructors
- (22) R.S. 47:6013 Credit for donations to public schools
- (23) R.S. 47:6017 Credit for expenses paid by economic development corporations
- (24) R.S. 47:6018 Credit for purchasers from "PIE contractors"
- (25) R.S. 47:6020 Angel Investor tax credit program
- (26) R.S. 47:6022 Digital interactive media and software tax credit
- (27) R.S. 47:6023 Sound recording investor tax credit
- (28) R.S. 47:6025 Credit for La. Citizens Property Insurance Corp. assessment
- (29) R.S. 47:6026 Cane River heritage tax credit
- (30) R.S. 47:6032 Credit for certain milk producers
- (31) R.S. 47:6034 Musical and theatrical production income tax credit
- (32) R.S. 47:6036 Ports of Louisiana tax credit
- (33) R.S. 47:6037 Credit for "green job industries"

- (34) R.S. 51:1807 Incentives (Urban Revitalization)
- (35) R.S. 51:2354 Technology commercialization credit
- (36) R.S. 51:2399.3 Modernization tax credit
- (37) R.S. 51:3085 Community Development Financial Institution tax credit

Proposed law is applicable to all tax periods beginning on or after January 1, 2017.

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

(Amends R.S. 47:227, 287.759(A), 297(B) and (G)(2), 297.6(A)(1)(a), 6005(C)(1), 6013(A), 6020(D)(2)(a), 6034(C)(1)(a)(iii)(bb)(intro. para.) and (d)(ii), and 6037(B)(2)(b)(i) and (ii) and (c) all as amended by §2 of Act No. 125 of the 2015 R.S., R.S. 47:6022(D)(3)(intro. para.), R.S. 51:2354(B)(intro. para.) and 2399.3(A)(2)(b)(intro. para.) both as amended by §3 of Act No. 125 of the 2015 R.S., R.S. 51:2354(C) and 2399.3(A)(2)(c), (d), and (e), 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 (d)(iii) and R.S. 51:2354(D) and 2399.3(A)(2)(f); Repeals §§4, 5, and 6 of Act No. 125 of 2015 R.S.)