

GREEN SHEET REDIGEST

HB 83

2019 Regular Session

Jimmy Harris

TAX CREDITS: Extends the sunset of the tax credit for rehabilitation of historic structures to January 1, 2026, and limits the maximum amount of credits awarded in a calendar year.

DIGEST

Present law authorizes an income or corporation franchise tax credit for the amount of eligible costs and expense incurred during the rehabilitation of a historic structure located in a downtown development district or cultural district.

Present law provides that the amount of the credit shall equal 25% of eligible costs and expenses incurred prior to Jan. 1, 2018, and the amount of the credit shall equal 20% of eligible costs and expenses incurred on or after Jan. 1, 2018, but before Jan. 1, 2022. No credit is authorized for expenses incurred on or after Jan. 1, 2022.

Proposed law retains present law for eligible costs and expenses incurred before Jan. 1, 2022 and returns the credit rate to 25% beginning Jan. 1, 2022, and extends the eligibility date of expenses from before Jan. 1, 2022, to Jan. 1, 2030, and extends the sunset date of the program from taxable years ending prior to Jan. 1, 2022, to taxable years ending prior to Jan. 1, 2030.

Proposed law provides for the certification of tax credits by the Dept. of Revenue upon electronic submission of a Part 3–Request for Certification of Completed Work and a qualified rehabilitation expenditure verification report, and authorizes the Dept. of Revenue to provide for additional documentation by rule.

Proposed law requires the preparation of a qualified rehabilitation expenditure verification report to be prepared by an independent qualified accountant.

Proposed law allows tax credits to be certified in excess of the reservation amount, but by no more than 5%. Excess credits will be considered earned in the year in which there are sufficient credits remaining to be reserved and will reduce the remaining reservation balance for that year.

Proposed law creates a process by which taxpayers must reserve historic rehabilitation credits with the Dept. of Culture, Recreation, and Tourism and limits the maximum amount of tax credits that may be reserved in a calendar year to \$300 million and provides for the reservation of credits on a first-come, first-served basis. If the total amount of credit reservations applied for in a calendar year exceeds the amount of tax credit reservations authorized for that year, the excess shall be treated as having been applied for on the first day of the subsequent year. Further provides that all requests received on the same business day shall be treated as received at the same time, and if the aggregate amount of the requests received on a single business day exceed the total amount of available tax credit reservations, tax credit reservations shall be approved on a pro rata basis.

Proposed law requires the Dept. of Culture, Recreation, and Tourism to issue credit reservations within 30 days of receipt of a completed reservation application and provides that reservations shall be issued based on the order received.

Proposed law allows taxpayers to amend their reservation applications and provides that any amendment that increases the estimated tax credit will reserve the additional credit amount in the next year for which a credit reservation is available and will not impact the initial reservation date.

Proposed law requires that the real property that will be the subject of the historic rehabilitation must be owned by the applicant or subject to a written purchase contract,

written option contract, written lease-purchase contract, or written lease to which the applicant is a party before any credit can be reserved.

Proposed law provides that tax credit reservations will be forfeited if the rehabilitation does not begin within 12 months of the reservation date or is not completed within 24 months of the year in which the rehabilitation began, or within 60 months for phased projects.

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

(Amends R.S. 47:6019(A)(1), (B), and (C); adds R.S. 47:6019(D))

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Limit a the maximum amount of tax credits awarded in a calendar year to \$150 million and provides for the awarding of tax credits on a first-come, first-served basis.

Summary of Amendments Adopted by Senate

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

1. Increases credit percentage beginning Jan. 1, 2022, from 20% to 25%.
2. Extends sunset date to Jan. 1, 2030.
3. Removes credit certification cap.
4. Adds \$300 million tax credit reservation annual cap and create procedures for the Dept. of Culture, Recreation and Tourism to manage the cap.