

2020 First Extraordinary Session

HOUSE BILL NO. 16

BY REPRESENTATIVES ECHOLS, BISHOP, MAGEE, AND SCHEXNAYDER

TAX CREDITS: Establishes a tax credit for eligible expenses incurred in the rehabilitation of historic structures included on the National Register of Historic Places (Item #19)

1 AN ACT

2 To amend and reenact R.S. 47:6019(A)(1)(a), relative to the tax credit for the rehabilitation
3 of historic structures; to provide with respect to the eligibility of certain rehabilitated
4 properties to qualify for the credit; to provide for the amount of the credit; to provide
5 for certain limitations and requirements; to provide for an effective date; and to
6 provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6019(A)(1)(a) is hereby amended and reenacted to read as
9 follows:

10 §6019. Tax credit; rehabilitation of historic structures

11 A.(1)(a)(i) There shall be a credit against income and corporation franchise
12 tax for the amount of eligible costs and expenses incurred during the rehabilitation
13 of a historic structure located in a downtown development or a cultural district. The
14 amount of the credit shall equal twenty-five percent of the eligible costs and
15 expenses of the rehabilitation incurred prior to January 1, 2018, regardless of the
16 year in which the property is placed in service. ~~The~~ Except as provided for in Item
17 (ii) of this Subparagraph, the amount of the credit shall equal twenty percent of the
18 eligible costs and expenses of the rehabilitation incurred on or after January 1, 2018,
19 and before January 1, 2022, regardless of the year in which the property is placed in

1 service. No credit is authorized pursuant to this Section for expenses incurred on or
2 after January 1, 2022.

3 (ii) Beginning August 1, 2020, there shall be a credit against income and
4 corporate franchise tax for the amount of eligible costs and expenses incurred during
5 the rehabilitation of a historic structure that is included on the National Register of
6 Historic Places as maintained by the National Park Service. The amount of the credit
7 shall be equal to thirty percent of the eligible costs and expenses of rehabilitation
8 incurred or expended on projects that begin on or after August 1, 2020, and on or
9 before June 30, 2026. In order to qualify for the tax credit authorized by this Item,
10 the eligible costs and expenses of rehabilitation shall not exceed two million dollars.
11 The maximum annual amount of credit a taxpayer may claim pursuant to the
12 provisions of this Item shall not exceed six hundred thousand dollars.

13 * * *

14 Section 2. This Act shall become effective on July 1, 2020; if vetoed by the governor
15 and subsequently approved by the legislature, this Act shall become effective on July 1,
16 2020, or on the day following such approval by the legislature, whichever is later.

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)]

HB 16 Engrossed 2020 First Extraordinary Session Echols

Abstract: Establishes an additional income and franchise tax credit for 30% of eligible costs and expenses incurred during the rehabilitation of a historic structure included on the National Register of Historic Places. Further limits eligible rehabilitation expenses from exceeding \$2M and caps the annual amount of credit a taxpayer may claim at \$600,000.

Present law authorizes an income and corporation franchise tax credit for the amount of eligible costs and expenses incurred during the rehabilitation of a historic structure located in a downtown development district or a cultural district. The amount of the credit is 20% of the eligible costs and expenses of the rehabilitation incurred before Jan. 1, 2022, and no taxpayer shall claim more than \$5 million of credit annually for any number of structures rehabilitated within a particular downtown development or cultural district. The credit is effective for taxable years ending prior to Jan. 1, 2022.

Proposed law retains present law but establishes, beginning August 1, 2020, an additional income and franchise tax credit for eligible costs and expenses incurred during the rehabilitation of a historic structure included on the National Register of Historic Places as

maintained by the National Park Service. The amount of the credit is 30% of the eligible costs and expenses of rehabilitation incurred on or after August 1, 2020, and before June 30, 2026. Further limits eligible costs and expenses of rehabilitation from exceeding \$2M and caps the annual amount of credit a taxpayer may claim pursuant to proposed law at \$600,000.

Effective July 1, 2020.

(Amends R.S. 47:6019(A)(1)(a))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Specify that costs and expenses that will be eligible for the tax credit shall be those incurred or expended on projects that begin on or after August 1, 2020.
2. Change the effective date for establishment of this 30% tax credit from July 1, 2020, to August 1, 2020.
3. Decrease the maximum amount of costs and expenses that can be incurred in order to be eligible for the tax credit from \$3.25M to \$2M.
4. Decrease the annual per taxpayer cap for participation in this 30% tax credit from \$750,000 to \$600,000.