
DIGEST

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HB 16 Reengrossed

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 located in certain municipalities and in a downtown development district, a cultural district, or 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 that is located in any municipality with a population of less than 50,000 persons according to the latest federal decennial census and that is located in a downtown development district, located in a cultural district, or 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.

The House Floor Amendments to the engrossed bill:

1. Limit the tax credit to eligible costs and expenses incurred during the rehabilitation of a historic structure located in any municipality with a population of less than 50,000 persons according to the latest federal decennial census.
2. Extend the tax credit to structures located in a downtown development district or a cultural district.