

CONFERENCE COMMITTEE REPORT

HB 4

2020 First Extraordinary Session

Magee

June 29, 2020

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. 4 by Representative Magee, recommend the following concerning the Engrossed bill:

1. That Senate Committee Amendment Nos. 5 through 7 and 9 and 10 by the Committee on Revenue and Fiscal Affairs (#267) be adopted.
2. That Senate Committee Amendment Nos. 1 through 4, and 8 by the Committee on Revenue and Fiscal Affairs (#267) be rejected.
3. That Senate Floor Amendment Nos. 1, 3, 4, and 10 by Senator Ward (#355) be adopted.
4. That Senate Floor Amendment Nos. 2 and 5 through 9 by Senator Ward (#355) be rejected.
5. That Senate Floor Amendment No. 1 by Senator Allain (#357) be rejected.

That the following amendments to the Engrossed bill be adopted:

AMENDMENT NO. 1

On page 1, line 2, after "and (C)" delete the comma "," and insert "and to enact R.S. 47:6019(A)(1)(e),"

AMENDMENT NO. 2

On page 1, line 4, after "for the tax credit;" and before "to provide for the" insert "to establish an annual cap on the maximum amount of credits that may be reserved;"

AMENDMENT NO. 3

On page 1, line 7, after "reenacted" and before "to" insert "and R.S. 47:6019(A)(1)(e) is hereby enacted"

AMENDMENT NO. 4

On page 1, after line 20, insert the following:

"(e) For State of Louisiana Commercial Rehabilitation Tax Credit Part 2 applications received by the Department of Culture, Recreation and Tourism on or after January 1, 2021, the maximum aggregate total of tax credits that may be reserved by all taxpayers pursuant to the provisions of this Section shall not exceed one hundred twenty-five million dollars annually. If the amount of tax credit reservations issued in a calendar year is less than one hundred twenty-five million dollars, the excess reservation amount shall be available for issuance in any subsequent calendar year. The Department of Culture, Recreation and Tourism shall establish by rule the method of reserving available tax credits including, but not limited to a first-come, first-served system or any other method that the Department of Culture, Recreation and Tourism determines to be beneficial to the program. Rules promulgated pursuant to the provisions of this Subparagraph shall be subject to oversight by the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs. The Department of Revenue and the Department of Culture, Recreation and Tourism shall make reasonable efforts to post a listing of estimated credit amounts remaining under the annual cap on their websites.

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Respectfully submitted,

Representative Tanner D. Magee

Senator Patrick Page Cortez

Representative Michael Charles Echols

Senator Rick Ward III

Representative Jason Hughes

Senator R. L. Bret Allain II

 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 4
2020 First Extraordinary Session
Magee
Keyword and oneliner of the instrument as it left the House

TAX CREDITS: Extends the date for eligible expenses to qualify for the tax credit for the rehabilitation of historic structures and extends the effectiveness of the credit (Item #19)

Report adopts Senate amendments to:

1. Change the expiration of the tax credit from Jan. 1, 2028 to Jan 1, 2026.
2. Require the Dept. of Revenue (DOR) and the Dept. of Culture, Recreation and Tourism (CRT) to make reasonable efforts to post a listing of estimated unused credit amounts on their websites.

Report rejects Senate amendments which would have:

1. Established an annual \$120 million fiscal year cap on the amount of tax credits that may be *granted* and authorized unused amounts of credit to be carried forward to subsequent years.
2. Established an annual fiscal year cap on the amount of tax credits that may be *claimed* against state income and corporation franchise tax of \$75M for FY 21, \$85M for FY 22, \$100M for FY 23, and no cap for FY 24 and beyond.
3. Limited credits based on comparison of actual versus estimated costs and expenses.

Report amends the bill to:

1. Establish, for State of La. Commercial Rehabilitation Tax Credit Part 2 applications received by CRT on or after Jan. 1, 2021, an annual \$125 million cap on the amount of tax credits that may be *reserved* by taxpayers each year. If the amount of tax credit reservations issued in a calendar year is less than \$125 million dollars, the excess reservation amount shall be available for issuance in any subsequent calendar year.
2. Require CRT to establish by rule the method of reserving available tax credits including a first-come, first-served system or any other method that CRT determines to be beneficial to the program. Further requires rules to be subject to oversight by the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs.

Digest of the bill as proposed by the Conference Committee

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 extends the date for which eligible expenses can qualify for the tax credit from costs and expenses incurred prior to Jan. 1, 2022, to costs and expenses incurred prior to Jan. 1, 2026, and extends the effectiveness of the program from taxable years ending prior to Jan. 1, 2022, to taxable years ending prior to July 1, 2026.

Proposed law establishes, for State of La. Commercial Rehabilitation Tax Credit Part 2 applications received by CRT on or after Jan. 1, 2021, an annual \$125 million program cap on the amount of credits that may be reserved by taxpayers each year. If the amount of tax credit reservations issued in a calendar year is less than \$125 million dollars, the excess reservation amount shall be available for issuance in any subsequent calendar year. Requires DOR and CRT to make reasonable efforts to post a listing of estimated unused credit amounts on their websites.

Proposed law requires CRT to establish by rule the method of reserving available tax credits. Rules promulgated pursuant to the provisions of proposed law shall be subject to oversight by the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs.

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

(Amends R.S. 47:6019(A)(1)(a) and (c) and (C); Adds R.S. 47:6019(A)(1)(e))