
DIGEST

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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))