
DIGEST

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HB 685 Original

2021 Regular Session

Newell

Abstract: Establishes an income or corporate franchise tax credit for any qualified low-income housing project placed in service by the taxpayer claiming the credit.

Proposed law authorizes the establishment of an income or corporate franchise tax credit for any qualified low-income housing project (project) placed in service by the taxpayer claiming the credit. The state credit shall be in addition to the tax credit authorized pursuant to present federal law (26 U.S.C. 42). The amount of the state credit for each of the first three years, calculated for the month in which the project is placed in service, shall equal 9% of the amount of the federal credit. The amount of the credit in the fourth year shall equal 3% of the amount of the federal credit.

Proposed law requires a project to meet the following in order to qualify for the credit:

- (1) Be located in an enterprise zone.
- (2) Include participation of a qualified non-profit organization in the development and operation of the project throughout the compliance period and extended use period.
- (3) Include the education and training of the residents of the low-income units for job opportunities identified by local workforce development boards.
- (4) Include tenants in the management and operation of the project through a limited equity housing cooperative which is contractually entitled to acquire the project at the end of the compliance period at the minimum purchase price as defined in federal law.
- (5) Be allocated or qualified for a credit for federal income tax purposes.

Proposed law requires the taxpayer applying for the credit to maintain units in the project as low-income units subject to the set-aside and rent requirements required under federal law for 30 consecutive taxable years beginning with the first taxable year the taxpayer receives the credit.

Proposed law limits the total amount of credits certified by the La. Housing Corporation (corporation) and granted by the Dept. of Revenue (DOR) to be claimed on an income or franchise tax return to \$1M per calendar year. Requires the granting of credits to be on a first-come, first-served basis and if the total amount of credits claimed in a year exceeds the amount of tax credits authorized for that year, the excess shall be treated as having been applied for on the first day of the subsequent year. 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 exceeds the total amount of available tax credits, tax credits shall be approved on a pro rata basis.

Proposed law provides that if the amount of the credit exceeds the taxpayer's tax liability for that year, the excess credit amounts may be carried forward as a credit against subsequent income or franchise tax liability for a period not to exceed five years.

Proposed law requires the taxpayer applying for the credit to submit an application to the executive director of the corporation on a form prescribed by the executive director. Requires the executive director to review the application to determine whether the applicant meets all of the requirements of proposed law. If the executive director certifies the application, the executive director shall enter into a written agreement with the taxpayer. Proposed law provides requirements for the written agreement.

Proposed law requires the executive director to consider certain when determining the certification of tax credits.

Proposed law requires the executive director of the corporation to notify the secretary of DOR in writing within 30 days of certifying an application and to certify the amount of tax credit the taxpayer is entitled for each year in the credit period.

Proposed law provides for the recovery of disallowed credits.

Proposed law prohibits credits from being certified by the corporation or granted by DOR after Dec. 31, 2027.

Applicable to tax years beginning on or after Jan. 1, 2022.

Effective Jan. 1, 2022.

(Adds R.S. 47:6042)