
DIGEST

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HB 131 Engrossed

2021 Regular Session

Coussan

Abstract: Establishes an income tax credit for donations or sales below cost to educational institutions in La. of state of the art machinery and equipment or other technological property used for research, research training, or direct education of students or for amounts donated and utilized by an educational institution to purchase technological property.

Proposed law establishes an income tax credit for donations or sales below cost of tangible movable property, hereinafter "property", made to educational institutions in Louisiana or amounts donated and utilized by an educational institution to purchase property. The amount of the credit is equal to 29% of the amount donated, 29% of the cost of new property, 29% of the appraised value of used property, or, in the case of a sale below cost, 29% of the difference between the price received for the property by the taxpayer and the value of the property. The sale of used property below cost means the sale of property below its appraised value.

Proposed law limits the amount of the credit to the taxpayer's total tax liability for the taxable year for which the credit is claimed and is in lieu of other deductions provided for in present law. No credit is allowed if the taxpayer arbitrarily, capriciously, or unreasonably discriminates against any person because of race, religion, ideas, beliefs, or affiliations.

Proposed law defines "property" as state of the art machinery and equipment or other property of a sophisticated and technological nature, including any computer or data processing equipment, either hardware, software, or both, which is capable of being used for purposes of research, research training, or direct education of students.

Proposed law defines an "educational institution" as any public, private, or parochial elementary school, secondary school, vocational-technical school, higher education facility, community college, special school, or museum, or any public library in Louisiana.

Proposed law defines "cost", in the case of a donation or sale by a wholesale or retail business, as the amount paid by the wholesaler or retailer to the supplier for the property. In the case of a donation or sale by a manufacturer, "cost" shall mean the lowest price at which the manufacturer sells the property. "Cost" shall not mean the retail value of property.

Proposed law provides that only donations, contributions, or sales of property approved by the board of the educational institution shall qualify for the credit authorized in proposed law. Prior to any donation, the board shall certify in writing that the property to be donated or purchased will only be used in research, research training, or direct education of students.

Proposed law provides, that for donations of amounts utilized to purchase property, only amounts donated to an established technology fund at the educational institution shall qualify for the credit authorized in proposed law. Further requires the purpose of the technology fund to be limited to the purchase of property used exclusively in research, research training, or direct education of students.

Proposed law requires the donor or seller to furnish an invoice to the board indicating the cost of the property and when used property is donated the educational institution must obtain an appraisal of the property. Proposed law requires the educational institution to furnish a certification of the donation or sale, which shall include the date and the value of the property donated or sold. Further requires the donor to attach the certification to the income tax return filed with the Dept. of Revenue (DOR).

Proposed law requires the educational institution to furnish a certification of the amount donated which shall include the date and amount donated to be utilized for the purchase of property. Further requires the donor to attach the certification to the income tax return filed with DOR.

Proposed law requires a taxpayer making a contribution or selling property below cost to an educational institution to enter into a no-cost orientation agreement with the educational institution at a location determined pursuant to the agreement. Further requires, if requested, the taxpayer donating or selling the property to enter into a minimum three-month maintenance or service agreement with the educational institution.

Proposed law authorizes DOR to promulgate rules as are necessary to implement the provisions of proposed law.

Proposed law prohibits credits from being allowed on or after Jan. 1, 2027.

Proposed law provides that provisions of proposed law shall be applicable for taxable years beginning on or after Jan. 1, 2022.

(Adds R.S. 47:6042)

Summary of Amendments Adopted by House

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

1. Authorize the credit to also apply to amounts donated to an educational institution and utilized to purchase property.
2. Require amounts donated to purchase property to be donated to an established technology fund at the educational institution in order to qualify for the credit authorized in proposed law and require monies in the technology fund to be limited to the purchase of property used exclusively in research, research training, or direct education of students.

3. Require the educational institution to furnish a certification of the amount donated and require the donor to attach the certification to the income tax return when claiming the credit.
4. Prohibit credits from being allowed on or after Jan. 1, 2027.