

2021 Regular Session

HOUSE BILL NO. 680

BY REPRESENTATIVES HUGHES AND WILLARD

TAX CREDITS: Establishes the Louisiana Youth Jobs Tax Credit Program

1 AN ACT

2 To enact R.S. 47:6028, relative to tax credits; to provide with respect to the Louisiana Youth
3 Jobs Tax Credit Program; to provide relative to the powers and duties of the
4 Department of Revenue; to provide definitions; to provide an effective date; to
5 provide a termination date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:6028 is hereby enacted to read as follows:

8 §6028. Louisiana Youth Jobs Tax Credit Program

9 A. Purpose. It is hereby found that disadvantaged youth in Louisiana are
10 often unemployed or underemployed through no fault of their own. The purpose of
11 this program is to help young people entering the workforce have a successful start
12 by providing them critical workforce skills that will serve them well for their entire
13 careers.

14 B. Definitions. For purposes of this Section:

15 (1) "Department" means the Louisiana Department of Revenue.

16 (2) "Eligible youth" means an individual who:

17 (a) Has attained the age of sixteen but not yet attained the age of twenty-four.

18 (b) Is unemployed prior to being hired by a business that will apply for a
19 credit pursuant to the provisions of this Section.

1 (c) Will be working in a full-time or part-time position that pays wages that
2 are equivalent to the wages paid for similar jobs, with adjustments for experience and
3 training.

4 (d) Meets at least one of the following criteria:

5 (i) Is at least eighteen years old, is no longer in school, and does not have a
6 high school diploma, HiSET or GED credential, or high school equivalency diploma.

7 (ii) Is a member of a family that is receiving assistance from the Family
8 Independence Temporary Assistance Program.

9 (iii) Is a member of a family that is receiving benefits through the
10 Supplemental Nutrition Assistance Program.

11 (iv) Is a member of a family that is receiving assistance from the Kinship
12 Care Subsidy Program.

13 (v) Is a member of a family that is receiving assistance or benefits under the
14 Temporary Assistance for Needy Families Program.

15 (vi) Has served time in jail or prison or is on probation or parole.

16 (vii) Is pregnant or is a parent.

17 (viii) Is homeless.

18 (ix) Is currently or was in foster care, extended foster care, or the custody of
19 the Department of Children and Family Services.

20 (x) Is a veteran.

21 (xi) Is the child of a parent who is currently incarcerated or was released
22 from incarceration within the past two years.

23 (xii) Lives in public housing or receives housing assistance such as a Section
24 8 voucher.

25 (3) "Full-time position" means a position in which a person works at least
26 thirty-two hours per week.

27 (4) "Part-time position" means a position in which a person works at least
28 twenty hours per week.

29 (5) "Secretary" means the secretary of the Louisiana Department of Revenue.

1 C. Administration of the credit. There shall be allowed a non-refundable tax
2 credit against income and corporation franchise taxes for a business that hires one
3 or more eligible youth on or after July 1, 2021. Notwithstanding any provision of
4 this Section to the contrary, no credit shall be granted unless the eligible youth works
5 at least three consecutive months in a full-time or part-time position at the business.

6 (1) The credit shall be equal to the following for each eligible youth hired:

7 (a) One thousand two hundred fifty dollars for hiring an eligible youth in a
8 full-time position.

9 (b) Seven hundred fifty dollars for hiring an eligible youth in a part-time
10 position.

11 (2) The hiring business shall earn credit equal to the applicable amount
12 provided in Paragraph (1) of this Subsection in the year in which the eligible youth
13 completes the third consecutive month of work in either a full-time or part-time
14 position.

15 (3) The hiring business shall not terminate an employee or otherwise reduce
16 its workforce with the intention of creating a new hire eligible for this credit.

17 (4) The total amount of tax credits granted by the department in any calendar
18 year shall not exceed seven million five hundred dollars. The department shall by
19 rule establish the method of allocating available tax credits to investors including but
20 not limited to a first-come, first-served system; reservation of tax credits for a
21 specific time; or other method that the department, in its discretion, may find
22 beneficial to the program. If the department does not grant the entire seven million
23 five hundred dollars in tax credits in any calendar year, the amount of residual
24 unused tax credits shall carry forward to subsequent calendar years and may be
25 granted in any year without regard to the seven million five hundred dollar per year
26 limitation.

27 (5) Within sixty days of being hired, each eligible youth shall provide to the
28 hiring business proof of age and of meeting one of the eligibility criteria established
29 in Subparagraph (B)(2)(d) of this Section.

1 (6) The hiring business shall submit or maintain proof that each eligible
2 youth meets eligibility criteria, as required by the secretary.

3 D. Application of the Credit. (1)(a) The credit shall be allowed against the
4 income or corporation franchise tax due from a taxpayer for the taxable period in
5 which the credit is earned. If the tax credit allowed pursuant to this Section exceeds
6 the amount of such taxes due from a taxpayer, then the taxpayer may carry forward
7 any unused portion as a credit against subsequent tax liability for a period not to
8 exceed five years. However, in no event shall the amount of the tax credit applied by
9 a taxpayer in a taxable period exceed the amount of such taxes due from the taxpayer
10 for that taxable period.

11 (b) All entities taxed as corporations for Louisiana income tax purposes shall
12 claim any credit on their corporation income and franchise tax return.

13 (c) Individuals, estates, and trusts shall claim their share of any credit on
14 their income tax return.

15 (d) Entities not taxed as corporations shall claim their share of any credit on
16 the returns of the partners or members as follows:

17 (i) Corporate partners or members shall claim their share of any credit on
18 their corporation income tax returns.

19 (ii) Individual partners or members shall claim their share of any credit on
20 their individual income tax returns.

21 (iii) Partners or members that are estates or trusts shall claim their share of
22 any credit on their fiduciary income tax returns.

23 E. Recovery of credits by the department. (1) Credits previously granted to
24 a taxpayer, but later disallowed, may be recovered by the secretary through any
25 collection remedy authorized by R.S. 47:1561 and initiated within three years from
26 December thirty-first of the year in which the credits were granted.

27 (2) The only interest that may be assessed and collected on recovered credits
28 is interest at a rate of three percentage points above the rate provided in R.S.

1 9:3500(B)(1), which shall be computed from the original due date of the return on
2 which the credit was taken.

3 (3) The provisions of this Subsection are in addition to and shall not limit the
4 authority of the secretary to assess or to collect under any other provision of law.

5 F. The secretary may promulgate rules in accordance with the Administrative
6 Procedure Act to establish the policies and criteria regarding program eligibility and
7 any other matter necessary to carry out the intent and purposes of this Section.

8 G. A taxpayer shall not receive any other incentive for the job creation or
9 hiring of an eligible youth for which the taxpayer has received a tax credit under this
10 Section.

11 H. No credit shall be granted pursuant to the provisions of this Section after
12 December 31, 2025.

13 Section 2. This Act shall become effective upon signature by the governor or, if not
14 signed by the governor, upon expiration of the time for bills to become law without signature
15 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
16 vetoed by the governor and subsequently approved by the legislature, this Act shall become
17 effective on the day following such approval.

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)]

HB 680 Engrossed

2021 Regular Session

Hughes

Abstract: Establishes the La. Youth Jobs Tax Credit Program

Proposed law establishes a tax credit for employers who employ one or more "eligible youth". Defines "eligible youth" as a person who meets all of the following criteria:

- (1) Is between the ages of 16 and 24.
- (2) Is unemployed prior to being hired by a business applying for the credit provided pursuant to proposed law.
- (3) Will be working in a full-time or part-time position that pays wages equivalent to wages paid for similar jobs. Defines "full-time position" as one in which a person works at least 32 hours per week; defines "part-time position" as one in which a person works at least 20 hours per week.

- (4) Meets at least one of certain other criteria provided in proposed law that includes, but is not limited to: is homeless, is a veteran, is a member of a family that is receiving benefits through the Supplemental Nutrition Assistance Program, or is currently or was in foster care.

Within 60 days of being hired, proposed law requires an eligible youth to provide to the hiring business proof of age and of meeting eligibility criteria provided in proposed law. Requires the hiring business to submit or maintain proof that each eligible youth meets eligibility criteria, as required by the secretary of the Dept. of Revenue.

Tax Credit

Proposed law provides that the credit applies for taxable years beginning after July 1, 2021, and that any credit provided pursuant to proposed law shall be non-refundable. Requires the credit to be taken against La. income tax or corporate franchise tax.

Further provides that credit is earned for each eligible youth who works at least three consecutive months in a full-time or part-time position at the business. Proposed law provides that the credit shall equal \$1,250 for each qualifying eligible youth in a full-time position and \$750 for each qualifying eligible youth in a part-time position.

Proposed law caps the maximum amount of tax credits that may be granted in a given year at \$7.5 million. Requires the Dept. of Revenue to promulgate rules providing for allocation of available tax credits. Further provides that if all credits are not granted in any calendar year, the unused portion will carry forward to subsequent calendar years and may be awarded without regard to the \$7.5 million cap otherwise provided in proposed law.

Proposed law provides that if the tax credit earned for the taxable period exceeds the amount of taxes due, then the taxpayer may carry forward as a credit the unused portion for up to five years.

Requires all entities taxed as corporations to claim the credit authorized pursuant to proposed law on their corporation income and franchise tax return. Individuals, estates, and trusts are required to claim the credit on their income tax returns. Further outlines requirements for claiming the credit by business entities that are not taxed as corporations.

Provides that if a credit is later disallowed, the Dept. of Revenue may initiate a collection action against the taxpayer. Requires any such action to be initiated within three years from the end of the calendar year in which the credit was granted. Limits the interest rate that may be assessed on such collections to a rate equal to the rate of judicial interest provided in present law plus three percentage points.

Authorizes the Dept. of Revenue to promulgate rules in accordance with the Administrative Procedure Act to execute proposed law.

Further prohibits a taxpayer from receiving any other incentive for the job creation or hiring of an eligible youth for which the taxpayer has received a credit pursuant to proposed law.

Proposed law provides that no credit shall be granted after Dec. 31, 2025.

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

(Adds R.S. 47:6028)