

2021 Regular Session

HOUSE BILL NO. 678

BY REPRESENTATIVE DUPLESSIS

TAX CREDITS: Provides for the Louisiana work opportunity tax credit

1 AN ACT

2 To enact R.S. 47:287.750, relative to income tax credits; to provide for an income tax credit
3 for certain businesses that hire participants in work release programs; to provide for
4 the amount of the credit; to provide for the maximum amount of credits to be issued
5 annually; to provide for eligibility; to authorize unclaimed portions of a credit to be
6 carried forward; to provide for the administration of the tax credit; to provide for
7 rulemaking authority; to provide for applicability; to provide for certain limitations
8 and requirements; to provide for effectiveness; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:287.750 is hereby enacted to read as follows:

11 §287.750. Louisiana work opportunity tax credit

12 A. There is hereby authorized a non-refundable credit against individual and
13 corporate income tax for businesses that hire participants in the work release
14 programs provided for in R.S. 15:711, 1111, 1199.9, and 1199.10.

15 B. For the purposes of this Section the following terms shall have the
16 following meanings:

17 (1) "Department" shall mean the Department of Revenue.

1 (2) "Eligible business" shall mean a business that is subject to Louisiana
2 income tax and participates in any of the work release programs provided for in R.S.
3 15:711, 1111, 1199.9, or 1199.10.

4 (3) "Eligible job" shall mean the following:

5 (a) A new job.

6 (b) An existing job that has been vacant for at least one year.

7 (c) An existing job that is vacant because the person who previously filled
8 the job left voluntarily or was terminated for cause.

9 (4) "Eligible re-entrant" shall mean an inmate or former inmate who is
10 eligible to participate and is actively participating in a work release program
11 provided for in R.S. 15:711, 1111, 1199.9, or 1199.10. An eligible re-entrant shall
12 meet all of the criteria provided for in R.S. 15:1199.7.

13 (5) "Secretary" shall mean the secretary of the Department of Revenue.

14 C.(1) The amount of the credit provided for in this Section shall equal five
15 percent of the total wages paid to an eligible re-entrant in an eligible job for twelve
16 consecutive months following the release of the eligible re-entrant from
17 imprisonment.

18 (2) Notwithstanding the provisions of Paragraph (1) of this Subsection, the
19 total amount of tax credits granted to any eligible business pursuant to this Section
20 shall not exceed two thousand five hundred dollars per eligible re-entrant.

21 D.(1) The credit shall be earned upon certification by the Department of
22 Public Safety and Corrections or the applicable sheriff to the department that the
23 eligible business employed an eligible re-entrant in an eligible job for twelve
24 consecutive months following the release of the eligible re-entrant from
25 imprisonment.

26 (2) The credit shall be earned only once for each eligible re-entrant.

27 E.(1) The credit shall be allowed against any Louisiana income or franchise
28 tax due from an eligible business for the taxable period in which the credit is earned.

1 (2) If the tax credit authorized pursuant to this Section exceeds the tax
2 liability of an eligible business, the business may carry any unused credit forward
3 and apply the unused credit against subsequent tax liability for a period not to exceed
4 five years.

5 F.(1) Credits previously granted to an eligible business, but later disallowed
6 may be recovered by the secretary pursuant to the provisions provided for in R.S.
7 47:1561 if recovery is initiated within three years from December thirty-first of the
8 year in which the credits were earned.

9 (2) Any interest assessed and collected on the credits recovered pursuant to
10 the provisions of this Subsection shall be at a rate of three percentage points above
11 the rate provided for in R.S. 9:3500.

12 (3) Interest assessed and collected pursuant to this Subsection shall be
13 computed from the original due date of the return on which the credit was taken.

14 G. A taxpayer shall not receive any other incentive for the job creation or
15 hiring of an eligible re-entrant for which the taxpayer has received a tax credit
16 pursuant to this Section.

17 H. The department may promulgate rules in accordance with the
18 Administrative Procedure Act to establish procedures related to program eligibility
19 and any other matter necessary to carry out this Section.

20 I. No credit shall be granted pursuant to this Section after June 30, 2027.

21 Section 2. The provisions of this Act shall be applicable to the employment of
22 eligible re-entrants with a release date occurring on or after January 1, 2021.

23 Section 3. This Act shall become effective upon signature by the governor or, if not
24 signed by the governor, upon expiration of the time for bills to become law without signature
25 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
26 vetoed by the governor and subsequently approved by the legislature, this Act shall become
27 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 678 Engrossed

2021 Regular Session

Duplessis

Abstract: Establishes the Louisiana work opportunity income tax credit for certain business that hire re-entrants participating in work release programs.

Proposed law authorizes an income tax credit for eligible businesses that hire participants in work release programs provided for in present law (R.S. 15:711, 1111, 1199.9, and 1199.10).

Proposed law defines "eligible business" as any business that is subject to La. income tax and participates in any of the work release programs provided for in present law.

Proposed law defines "eligible re-entrant" as an inmate eligible for participation in a work release program provided for in present law.

Proposed law defines "eligible job" as:

- (1) A new job.
- (2) An existing job that has been vacant for at least one year.
- (3) An existing job that is vacant because the person who previously filled the job left voluntarily or was terminated for cause.

Proposed law defines "secretary" as the secretary of the Dept. of Revenue.

Proposed law provides the credit is earned upon certification that the re-entrant has been employed by the eligible business in an eligible job for 12 consecutive months. Further provides that the credit may be earned only once for each eligible re-entrant.

Proposed law provides that the amount of the credit shall equal 5% of the total wages paid to the eligible re-entrant for employment in an eligible job during the specified time period. Further provides the total amount of tax credits granted to an eligible business shall not exceed \$2,500 per eligible re-entrant.

Proposed law provides the credit shall be earned upon certification by the Dept. of Public Safety or the applicable sheriff to the Dept. of Revenue that the eligible business employed an eligible re-entrant in an eligible job for 12 consecutive months following the re-entrant's release from imprisonment.

Proposed law provides that the credit shall be allowed against any La. income or franchise tax due by the business for the taxable period in which the credit is earned.

Proposed law authorizes businesses to carry forward any unused credit for a period not to exceed five years.

Proposed law authorizes the secretary to recover the credit under certain circumstances.

Proposed law permits the Dept. of Revenue to promulgate rules to establish procedures related to program eligibility.

Proposed law provides no credit shall be granted after June 30, 2027.

Proposed law is applicable to tax years beginning on or after Jan. 1, 2021.

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

(Adds R.S. 47:287.750)

Summary of Amendments Adopted by House

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

1. Add a definition for the term "secretary".
2. Change the amount of the credit from 50% of the eligible re-entrant wages to 5% of the eligible re-entrant wages.
3. Change the maximum amount of the credit from a total of \$20,000 per eligible business in a calendar year, to a total of \$2,500 per business per eligible re-entrant.
4. Add provisions requiring the Dept. of Public Safety or the sheriff, whichever is applicable, to certify to the Dept. of Revenue that the eligible business employed an eligible re-entrant in an eligible job for at least 12 consecutive months following their release from imprisonment.
5. Add provisions that permit the secretary of the Dept. of Revenue to recover a credit if the credit later becomes disallowed.
6. Add provisions prohibiting a taxpayer from receiving any other tax incentive for the job creation or hiring of an eligible re-entrant for which the taxpayer has received a tax credit pursuant to proposed law.
7. Authorize the Dept. of Revenue to promulgate rules in accordance with the Administrative Procedure Act to establish procedures related to program eligibility.
8. Add provisions prohibiting the granting of credits after June 30, 2027.
9. Change the effectiveness of proposed law from Jan. 1, 2022, to effectiveness upon signature by the governor or lapse of time for gubernatorial action.
10. Make technical changes.