

2021 Regular Session

HOUSE BILL NO. 680

BY REPRESENTATIVES HUGHES, BRASS, GARY CARTER, WILFORD CARTER, CORMIER, DUPLESSIS, GAINES, GREEN, JAMES, JEFFERSON, JENKINS, JONES, JORDAN, LANDRY, LARVADAIN, LYONS, DUSTIN MILLER, MOORE, NEWELL, PHELPS, PIERRE, SELDERS, WHITE, 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 but less than thirty-two 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 a 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 thousand dollars. The department  
19           shall by rule establish the method of allocating available tax credits to investors  
20           including but not limited to a first-come, first-served system; reservation of tax  
21           credits for a specific time; or other method that the department, in its discretion, may  
22           find beneficial to the program. If the department does not grant the entire seven  
23           million five hundred thousand dollars in tax credits in any calendar year, the amount  
24           of residual unused tax credits shall carry forward to subsequent calendar years and  
25           may be granted in any year without regard to the seven million five hundred  
26           thousand dollar per year 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. Credits previously granted to a  
24          taxpayer, but later disallowed, may be recovered by the secretary through any  
25          collection remedy authorized by R.S. 47:1561.3.

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

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

4           H. No credit shall be earned pursuant to the provisions of this Section after  
 5           December 31, 2025.

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

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#### 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)]

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HB 680 Reengrossed

2021 Regular Session

Hughes

**Abstract:** Establishes the La. Youth Jobs Tax Credit Program which authorizes the issuance of nonrefundable income or corporation franchise tax credits equal to \$1,250 for each full-time eligible youth or \$750 for each part-time eligible youth hired by certain businesses.

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 but less than 32 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 (DOR).

*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 a 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 DOR 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 shall 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, DOR may recover the disallowed credit through any collection remedy authorized in present law relative to nonrefundable tax credits.

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 earned after Dec. 31, 2025.

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

(Adds R.S. 47:6028)

Summary of Amendments Adopted by HouseThe House Floor Amendments to the engrossed bill:

1. Specify that a "part-time position" is one in which a person works at least 20 hours per week but less than 32 hours per week.
2. Authorize DOR to use any collection remedy authorized in present law relative to the recovery of nonrefundable tax credits to recover any credit issued pursuant to proposed law that is subsequently disallowed.
3. Prohibit credits from being *earned* after Dec. 31, 2025 rather than prohibit credits from being *granted* after that date.