

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 678

2021 Regular Session

Duplessis

TAX CREDITS: Provides for the Louisiana work opportunity tax credit and earned income tax credit

Synopsis of Senate Amendments

1. Repeals present law reduction of the federal earned income tax credit that would take effect on Jan. 1, 2026.
2. Makes technical changes.

Digest of Bill as Finally Passed by Senate

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 provides the La. work opportunity tax credit shall be applicable to eligible re-entrants with a release date on or after Jan. 1, 2021.

Present law (R.S. 47:297.8) provides for an earned income tax credit against individual income tax in an amount equal to 5% of the federal earned income tax credit for tax years beginning on and after Jan. 1, 2019.

Proposed law retains present law.

Present law provides that beginning Jan. 1, 2026, the amount of the earned income tax credit is 3.5% of the federal earned income tax credit.

Proposed law repeals present law.

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

(Amends R.S. 47:297.8(A); Adds R.S. 47:287.750)