

RÉSUMÉ DIGEST

ACT 453 (HB 678)

2021 Regular Session

Duplessis

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

New 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 existing law.

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

New 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.

New law provides that 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.

New law provides that the amount of the credit is 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.

New law provides that the credit is 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.

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

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

New law authorizes the secretary of the Dept. of Revenue to recover the credit under certain circumstances.

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

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

New 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.

Existing 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.

Prior law provided that beginning Jan. 1, 2026, the amount of the earned income tax credit was reduced to 3.5% of the federal earned income tax credit.

New law changes the date of the reduction from Jan. 1, 2026 to Jan. 1, 2031.

Effective upon signature by the governor (June 23, 2021).

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