

## RÉSUMÉ DIGEST

ACT 454 (HB 680)

2021 Regular Session

Hughes

### Louisiana Youth Jobs Tax Credit Program

New law establishes a non-refundable tax credit against La. income tax or corporate franchise tax for employers who employ one or more "eligible youth" on or after July 1, 2021. 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.
- (3) Will be working in a full-time or part-time position that pays wages equivalent to wages paid for similar jobs.
- (4) Meets at least one of certain other criteria that include the following: is homeless, is a veteran, is a member of a family that is receiving benefits through the Supplemental Nutrition Assistance Program or the Temporary Assistance for Needy Families Program, or is currently or was in foster care.

Within 60 days of being hired, new law requires an eligible youth to provide to the hiring business proof of age and eligibility. 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).

New law 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. Provides that the credit is \$1,250 for each qualifying eligible youth in a full-time position or \$750 for each qualifying eligible youth in a part-time position.

New law caps the maximum amount of tax credits that may be granted in a given year at \$5 million.

New 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.

New law provides for the claiming of the credit on tax returns and for the recovery of credits granted to a taxpayer but subsequently disallowed.

New law authorizes DOR to promulgate rules in accordance with existing law (Administrative Procedure Act) to implement new law, including rules providing for allocation of available tax credits.

New law 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 new law.

New law prohibits credits from being earned after Dec. 31, 2025.

### Apprenticeship tax credits

New law establishes, beginning Jan. 1, 2022, a non-refundable income or corporation franchise tax credit for the employment of eligible apprentices. The amount of the credit for each eligible apprentice employed for a minimum of 250 hours during the taxable period is \$1.25 per hour of employment for a maximum credit of \$1,250 per eligible apprentice. The total amount of tax credits granted by DOR in any calendar year shall not exceed \$2.5 million.

New law defines an "eligible apprentice" as a person who has entered into a written apprentice agreement with an employer or an association of employers pursuant to a registered apprenticeship program as provided for in existing law or a person who is enrolled

in a training program accredited by the National Center for Construction Education and Research which has no less than four levels of training and no less than 500 hours of instruction.

New law requires DOR to establish the method of allocating available tax credits to employers. Further requires DOR, in consultation with the La. Workforce Commission to establish the procedures sufficient to determine the employer's eligibility for the credit.

New law provides that if the entire \$2.5 million in tax credits is not granted in any calendar year, the amount of unused tax credits shall carry forward to subsequent calendar years and may be granted in any year without regard to the annual cap.

New law requires the La. Workforce Commission to provide an annual list of businesses that participate in the apprenticeship programs administered by the agency to DOR.

New law requires DOR to determine the enrollment and transcript data required from the National Center for Construction Education and Research for students enrolled in one of its accredited training programs in order to determine the employer's eligibility for the credit. However, in order for an employer to be eligible for a credit, a student enrolled in a training program accredited by the National Center for Construction Education and Research must have successfully completed no less than two levels of training and no less than 250 hours of instruction.

New law authorizes the credit to be allowed against the income or franchise tax due from a taxpayer for the taxable period in which the credit is earned. If the amount of the tax credit exceeds the amount of the taxpayer's tax liability, then unused credit amounts may be carried forward and applied against subsequent tax liability for up to five years.

New law provides for the claiming of the credit on tax returns and authorizes DOR to recover credits granted to a taxpayer but subsequently disallowed.

New law authorizes DOR to promulgate rules in accordance with existing law (Administrative Procedure Act) to establish the policies and criteria regarding program eligibility and any other matter necessary to implement the provisions of new law.

New law prohibits tax credits from being granted for the employment of eligible apprentices before Jan. 1, 2022 or after Dec. 31, 2028.

Effective upon signature of governor (June 23, 2021).

(Adds R.S. 47:6028 and 6033)