

RÉSUMÉ DIGEST

ACT 350 (HB 408)

2023 Regular Session

Willard

Existing law authorizes an income and corporation franchise tax credit for certain taxpayers who employ 50 or more persons and claim a federal income tax credit for increasing research activities. This tax credit is also available for taxpayers who employ fewer than 50 employees if the employer meets certain eligibility requirements.

Existing law authorizes the following credits as a percentage of increased research expenses for a taxpayer who employed the following number of employees:

| Number of Employees | Tax Credit |
|---------------------|--------------------------|
| 100 or more | 5% less the base amount |
| 50-99 | 10% less the base amount |
| fewer than 50 | 30% less the base amount |

Existing law authorizes an additional tax credit for taxpayers who receive a federal Small Business Innovation Research (SBIR) grant and Phase I or Phase II grants from the Federal Small Business Technology Transfer (SBTT) program equal to 30% of the award received during the tax year.

New law adds a reference to the SBIR and STTR Extension Act of 2022 (P.L. 117-183), which is the latest federal authorization for these grants and programs, and specifies that the state tax credit extends to applicants who receive grants *or contracts* from these federal programs.

Existing law prohibits a taxpayer that receives a credit for research activity expenditures pursuant to existing law from receiving any other incentive administered by the Dept. of Economic Development (DED) for the same expenditures.

New law defines "incentive" for purposes of existing law as a tax credit, deduction, or exclusion administered by DED.

New law adds an exception to the prohibition of receiving other incentives administered by DED for a taxpayer who receives a state grant pursuant to existing law from the Small Business Innovation Retention fund or the Small Business Innovation Recruitment fund.

New law defines "incentive" for purposes of existing law as a tax credit, deduction, or exclusion administered by DED.

Existing law prohibits tax credits for research expenditures incurred, SBTT Program funds received, or SBIR Grant funds received after December 31, 2025.

New law is applicable to tax years beginning on or after January 1, 2023.

Effective upon signature of governor (June 12, 2023).

(Amends R.S. 47:6015(D)(1), (E)(3) and (4), and (I); Adds R.S. 47:6015(E)(5))