DIGEST

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HB 491 Original | 2025 Regular Session | Owen

Abstract: Establishes an income tax credit for costs of developing carbon sequestration wells in locations where carbon sequestration is subsequently prohibited by local ordinance.

Proposed law authorizes an income tax credit for taxpayers who incur eligible costs and are prevented from completing a Class VI carbon sequestration well due to a local ordinance enacted after March 27, 2025. Defines "eligible costs" as documented expenditures on Class V well testing, including drilling, equipment, labor, and geological assessments, incurred prior to the effective date of a local ordinance prohibiting carbon sequestration.

Proposed law provides that the amount of the credit shall equal the total of a taxpayer's eligible costs, not to exceed $5M per taxpayer. Requires that the total tax credit amount be allocated in equal portions over five consecutive taxable years beginning with the year in which the credit is granted.

Proposed law caps the total amount of credits that may be granted at $25M per taxable year.

Proposed law requires that in order to qualify for the credit, a taxpayer shall submit an application to the Dept. of Revenue (DOR) within 180 days of the effective date of a local ordinance prohibiting carbon sequestration. Requires that the application be on a form prescribed by DOR and include documentation of costs.

Proposed law requires DOR, in consultation with the Dept. of Energy and Natural Resources, to certify the eligible costs claimed on the taxpayer's application. Requires DOR to issue or deny credits to a taxpayer within 90 days of the date of receipt of the taxpayer's application.

Proposed law provides that if the credit exceeds the amount of taxes due from a taxpayer for a taxable period, then any unused credit amount may be carried forward by the taxpayer as a credit against subsequent tax liability for a period not to exceed five years. Stipulates, however, that the amount of the credit applied in a taxable period shall not exceed the amount of taxes due from the taxpayer for that period.

Proposed law authorizes recovery by DOR of disallowed credits in accordance with collection remedies established in present law.

Proposed law provides that no taxpayer shall be eligible for any other state tax credit, or any other type of state tax preference, for activity for which the taxpayer receives a credit pursuant to proposed law.

Proposed law prohibits credits from being earned for any taxable year beginning after Dec. 31, 2031

Proposed law applies to taxable periods beginning on or after Jan. 1, 2026.

Effective Jan. 1, 2026.

(Adds R.S. 47:6003)