
DIGEST

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HB No. 444

Abstract: Requires the House Ways and Means and Senate Revenue and Fiscal Affairs Committees to review tax credits beginning Jan. 1, 2015, and to make recommendations to either continue or terminate credits. Terminates all credits beginning Jan. 1, 2016.

Present law provides for an income and corporation franchise tax credit for the employment of each person and participant of Family Independence Work Program in a newly created full-time job. The amount of the credit shall be \$750 and shall be allowed for the taxable period during which the new employee has completed one year of full-time service with the taxpayer or against the corporation franchise tax for the taxable period following the taxable period during which the new employee has completed one year of full-time service with the taxpayer.

Present law provides for an income or corporation franchise tax credit for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers and on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities. The amount of the credit shall be equal to 100% of the inventory taxes paid to the political subdivision.

Present law provides for an income or corporation franchise tax credit for ad valorem taxes paid without protest to political subdivisions on vessels in Outer Continental Shelf Lands Act Waters as certified to the assessor within the calendar year immediately preceding the taxable year of assessment of such vessel. The amount of the credit shall be equal to 100% of the ad valorem taxes paid to the political subdivision.

Present law provides for an income tax credit for La. taxpayers for investment in state-certified productions earned at the time expenditures are made by a motion picture production company in a state-certified production. The amount of the credit shall be equal to 30% of the base investment made by the investor if the total base investment is more than \$300,000. Additionally provides for a credit equal to 5% of base investment expended on payroll for La. residents employed in connection with a state-certified production. However, this credit does not apply to the payroll of any one person that exceeds \$1 million dollars.

Present law provides for an income or corporation franchise tax credit for qualified donations made to qualified playgrounds. The amount of the credit shall be equal to the lesser of \$1,000 or one-half of the value of the cash, equipment, goods, or services donated.

Present law provides for an income or corporation franchise tax credit for an La. business or industry which supports and encourages employee basic skills training by satisfying criteria

established in present law and which submit proper and complete applications. The amount of the credit shall equal \$250 per participating employee, with the total of all basic skills training credits not to exceed \$30,000 for any single business or industry enterprise in a particular tax year.

Present law provides for an income and corporation franchise tax credit for employers within the state to donate materials, equipment, or instructors to public training providers, secondary and postsecondary vocational-technical schools, apprenticeship program registered with the La. Workforce Commission, or community colleges to assist in the development of training programs designed to meet industry needs. The amount of the credit shall equal one-half the value of the donated materials, equipment, or services rendered by the instructor.

Present law provides for a corporate income and corporation franchise tax credit for qualified donations made to a public school. The amount of the credit shall be equal to 40% of the appraised value of the qualified donation.

Present law provides for an income and corporation franchise tax credit for ad valorem taxes paid to political subdivisions by a telephone company for the company's public service properties. The amount of the credit shall be equal to 40% of the aggregate ad valorem taxes paid by the telephone company to the political subdivision.

Present law provides for an income or corporation franchise tax credit for the filing fee paid to the La. State Bond Commission incurred by an economic development corporation in the preparation and issuance of bonds. The amount of the credit shall be equal to the amount of the filing fee paid.

Present law provides for an income and corporate franchise tax credit for purchases of specialty apparel items including industrial clothes, uniforms, and scrubs, from a contractor in a certified Private Sector/Prison Industry Enhancement Program which employs inmates to manufacture such apparel. The amount of the credit shall be equal to the state sales and use tax paid by the purchaser on each case or other unit of apparel as reflected on the purchaser's books and records.

Present law provides for an income or franchise tax credit for applications for state-certified digital interactive media productions submitted to the office of entertainment industry development in the Dept. of Economic Development. The amount of the credit shall be equal to 25% of the base investment in the state-certified digital interactive media production. Present law provides for an additional tax credit of 10% of payroll to the extent that the investment is expended on payroll for La. residents employed in connection with a state-certified production.

Present law provides for an income tax credit for the surcharges, market equalization charges, or assessments paid by a taxpayer as a result of the 2005 regular assessment or the emergency assessments levied due to Hurricanes Katrina and Rita by La. Citizens Property Insurance Corporation for the FAIR Plan and Coastal Plan. The amount of the credit is equal to the surcharges, market equalization charges, or assessments paid by a taxpayer.

Present law provides for an income tax credit for the cost of purchase and installation of a wind or solar energy system, or both, by a taxpayer at his La. residence, by the owner of a residential rental apartment project, or by a taxpayer who purchases and installs a system in a residence or a residential rental apartment project located in La. Present law limits one credit per system. The amount of the credit shall be equal to 50% of the first \$25,000 of the cost of each wind energy system or solar energy system, including installation costs, purchased and installed on or after Jan. 1, 2008.

Present law provides for a refundable income and corporation franchise tax credit for a resident taxpayer engaged in the business of producing milk for sale. The amount of the credit shall be based on the production and sale of milk below the announced production price over a calendar year in accordance with a schedule provided in present law. Present law limits the credit allowed for each producer to no more than \$30,000 per calendar year and caps the total aggregate amount of credits for all producers at \$2.5 million per calendar year.

Present law provides for an income tax credit for qualified clean-burning motor vehicle fuel property purchased and installed on certain motor vehicles. The amount of the credit shall be equal to 50% of the cost of the qualified clean-burning motor vehicle fuel property.

Present law provides for an income and corporate franchise tax credit for the total capital costs of a project sponsored or undertaken by a public port and investing companies that have a capital cost of at least \$5 million dollars and at which the predominant trade or business activity conducted will constitute industrial, warehousing, or port and harbor operations and cargo handling, including any port or port and harbor activity. The amount of the credit shall be equal to the total amount of capital costs of the project which shall be taken at 5% per tax year.

Present law provides for an income and corporation franchise Import Export tax credit for any breakbulk or containerized cargo brought to the state from a foreign country or from the state to a foreign country. The amount of the credit shall be equal to the product of multiplying \$5 by the number of tons of qualified cargo for the taxable year but only for the total amount provided by the secretary of the Dept. of Economic Development.

Present law provides for an individual income tax credit for child care expenses based on the quality rating of the child care facility which the child attends. The amount of the credit varies depending on the quality rating of the child care facility.

Present law provides for a refundable income or corporation franchise tax credit for child care providers. The amount of the credit shall be equal to an amount based upon the average monthly number of children who either participate in the Child Care Assistance Program or who are foster children in the custody of the Department of Children and Family Services, and who are attending a child care facility or facilities operated by the child care provider, multiplied by an amount which shall be based upon the quality rating of each child care facility operated by the child care.

Present law provides for a refundable individual income tax credit for eligible child care directors

and eligible child care staff. The amount of the credit varies based upon the qualifications of the provider.

Present law provides for a refundable income tax or corporation franchise tax credit for eligible business child care expenses supported by a business. The amount of the credit shall be based on a percentage of eligible business child care expenses depending upon the quality rating of the child care facility to which the expenses are related or the quality rating of the child care facility the child attends. Present law provides for an additional refundable income or corporation franchise tax for the payment by a business of fees and grants to child care resource and referral agencies not to exceed \$5,000 per tax year.

Proposed law retains present law but adds a requirement that beginning Jan. 1, 2015, the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs review the credits authorized in present law to determine if the economic benefit of the credit outweighs the loss of revenue realized by the state as a result of awarding the credit. Proposed law further requires the committees to make specific recommendations no later than March 1, 2015, to either continue the credit or to terminate the credit.

Proposed law terminates the credits in present law beginning Jan. 1, 2016.

Present law provides for an income and corporation franchise tax credit for the expenses incurred during the rehabilitation of a historic structure located in a downtown development or a cultural product district. The amount of the credit shall not exceed 25% of the eligible costs and expenses of the rehabilitation. Present law prohibits a taxpayer, or an entity affiliated with a taxpayer, from receiving more than \$5 million dollars of credit for any number of rehabilitated structures within a particular downtown development or cultural product district. Present law provides that the tax credit shall be effective for the taxable years ending prior to January 1, 2016.

Proposed law retains present law but adds a requirement that beginning Jan. 1, 2015, the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs review the credit to determine if the economic benefit provided by the credit outweighs the loss of revenue realized by the state as a result of awarding such credit. Further requires the committees to make specific recommendations no later than March 1, 2015, to either continue the credit or to terminate the credit.

Present law provides for a refundable income and corporation franchise tax credit to encourage new and continuing efforts to conduct research and development activities within this state. The amount of the credit varies depending on the number of persons and claims for the taxable year an income tax credit is authorized under current federal law. Present law further prohibits credits for research expenditures incurred or Small Business Innovation Research Grant funds received after Dec. 31, 2019.

Proposed law retains present law but changes the termination date of the credit from Dec. 31, 2019 to Jan. 1, 2016. Proposed law adds a requirement that beginning Jan. 1, 2015, the House

Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs review the credit to determine if the economic benefit provided by the credit outweighs the loss of revenue realized by the state as a result of awarding such credit. Further requires the committees to make specific recommendations no later than March 1, 2015, to either continue the credit or to terminate the credit.

Present law provides for an income and corporation franchise tax credit for investments which encourage the development, growth, and expansion of the private sector within the state by increasing access to capital in disadvantaged areas of the state. The amount of the credit is dependent on the amount of the private sector investment made by the taxpayer. Further provides that tax credits shall be allowed for qualified equity investments which have been invested in qualified low-income community investments until December 31, 2013.

Proposed law repeals present law.

Present law provides for tax credits for employee alcohol and substance abuse treatment programs, donations of materials, equipment, advisors, or instructors, Brownfields Investors, Mentor-Protege Program, and "green job industries". However, by the terms of present law, these credits have either expired or have been inactive.

Proposed law repeals present law.

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

(Amends R.S. 47:6015(I), 6019(C), and 6105; Adds R.S. 47:6004(C), 6005(G), 6006(E), 6006.1(G), 6007(G), 6008(D), 6009(F), 6013(D), 6014(F), 6017(C), 6018(F), 6022(K), 6025(D), 6028(C), 6030(G), 6032(H), 6035(H), 6036(K), 6104(D), 6106(E), and 6107(C); Repeals R.S. 47:6010, 6012, 6016, 6021, 6027, and 6037)