

Regular Session, 2013

HOUSE BILL NO. 599

BY REPRESENTATIVE REYNOLDS

TAX CREDITS: Provides relative to the tax credit for rehabilitation of historic commercial structures

1 AN ACT

2 To amend and reenact R.S. 47:6019, relative to tax credits; to provide with respect to the tax
3 credit for rehabilitation of historic commercial structures; to provide for the taxes
4 against which the credit may be applied; to provide for the geographic areas in which
5 a structure may be located for purposes of the credit; to provide for an expiration
6 date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6019 is hereby amended and reenacted to read as follows:

9 §6019. Tax credit; rehabilitation of historic structures

10 A.(1)(a) There shall be a credit against income ~~and~~ a corporation franchise
11 ~~tax, insurance premium, and severance taxes~~ for the amount of eligible costs and
12 expenses incurred during the rehabilitation of a historic structure located in a
13 ~~downtown development or a cultural product~~ qualifying local district. The credit
14 shall not exceed twenty-five percent of the eligible costs and expenses of the
15 rehabilitation. No taxpayer, or any entity affiliated with such taxpayer, shall receive
16 more than five million dollars of credit for any number of structures rehabilitated
17 within a particular ~~downtown development or cultural product~~ qualifying
18 local district.

19 (b) The tax credit for qualified rehabilitation expenditures is earned only in
20 the year in which the property attributable to the expenditures is placed in service.

1 (2)(a) In order to qualify for the credit, the historic structure located in the
2 ~~downtown development or cultural product~~ qualifying local district shall also be
3 listed on the National Register of Historic Places or be certified by the state historic
4 preservation office as contributing to the historical significance of the district.

5 (b) Eligible structures must be nonresidential real property or residential
6 rental property.

7 (c) A fee shall be charged by the state historic preservation office of two
8 hundred fifty dollars per application.

9 ~~(3)(a)~~ B.(1) The credit shall be allowed against ~~the~~ tax liabilities as follows:

10 (a) For income tax for, in the taxable period in which the credit is earned ~~and~~
11 ~~against the~~.

12 (b) For corporation franchise tax for, in the taxable period following the
13 taxable period in which the credit is earned.

14 (c) For the tax imposed on insurance premiums pursuant to R.S. 22:838, in
15 the taxable period following the taxable period in which the credit is earned.

16 (d) For the general severance tax, in the taxable period following the taxable
17 period in which the credit is earned.

18 (2) If the tax credit allowed pursuant to this Section exceeds the amount of
19 such taxes due, any unused credit may be carried forward as a credit against
20 subsequent tax liability for a period not to exceed five years. This credit may be
21 used in addition to the twenty percent federal tax credit for such purposes.

22 ~~(b)(i)(aa)~~ (3)(a) Persons who are awarded tax credits may elect to sell their
23 unused tax credits to one or more individuals or entities. The tax credits may be
24 transferred or sold by a taxpayer or any subsequent transferee an unlimited number
25 of times.

26 ~~(b)~~ (b) The transfer of the credit does not extend the carry forward period
27 of the credit.

28 ~~(cc)~~ (c) Transferors Within thirty days of the sale or transfer of a tax credit
29 written notification shall be provided by transferors and transferees ~~shall submit~~ to

1 both the state historic preservation office and ~~to~~ the Department of Revenue ~~in~~
2 ~~writing a notification of any transfer or sale of tax credits within thirty days after the~~
3 ~~transfer or sale of such tax credits.~~ The notification shall include the transferor's tax
4 credit balance prior to transfer, the credit identification number assigned by the state
5 historic preservation office, the remaining balance after transfer, all federal and
6 Louisiana tax identification numbers for both transferor and transferee, the date of
7 transfer, the amount transferred, and any other information required by the state
8 historic preservation office or the Department of Revenue. Failure to comply with
9 this notification provision will result in the disallowance of the tax credit until the
10 parties are in full compliance.

11 ~~(ii)(aa)~~ (4)(a) All entities taxed as corporations for Louisiana income or
12 corporation franchise tax purposes shall claim any credit allowed under this Section
13 on their corporation income and corporation franchise tax return.

14 ~~(b)~~ (b) Individuals shall claim any credit allowed under this Section on their
15 individual income tax return.

16 ~~(c)~~ (c) Estates or trusts shall claim any credit allowed under this Section on
17 their fiduciary income tax returns.

18 ~~(d)~~ (d) Entities not taxed as corporations shall claim any credit allowed
19 under this Section on the returns of the partners or members as follows:

20 ~~(i)~~ (i) Corporate partners or members shall claim their share of the credit on
21 their corporation income or corporation franchise tax returns.

22 ~~(ii)~~ (ii) Individual partners or members shall claim their share of the credit
23 on their individual income tax returns.

24 ~~(iii)~~ (iii) Partners or members that are estates or trusts shall claim their share
25 of the credit on their fiduciary income tax returns.

26 ~~B.C.~~ (1) Definitions. For purposes of this Section, the following words and
27 phrases shall have the meanings ascribed to them in this Subsection:

28 (a) "Cultural product district" shall mean a district designated by a local
29 governing authority in accordance with law for the purpose of revitalizing a

1 community by creating a hub of cultural activity, including affordable artist housing
2 and workspace. The Department of Culture, Recreation and Tourism shall develop
3 standard criteria for cultural product districts. Such criteria shall include that the
4 district must be geographically contiguous and distinguished by cultural resources
5 that play a vital role in the life and cultural development of a community. The
6 district shall focus on a cultural compound, a major art institution, art and
7 entertainment businesses, an area with arts and cultural activities or cultural or
8 artisan production and be engaged in the promotion, preservation, and educational
9 aspects of the arts and culture of the locale and contribute to the public through
10 interpretive and educational uses. The Department of Culture, Recreation and
11 Tourism may determine whether or not a district complies with this definition.

12 (b) "Downtown development district" shall mean a downtown development
13 district or central business development district created by law, pursuant to law, or
14 by ordinance adopted prior to January 1, 2002, in a home rule charter municipality.

15 (c) "Eligible costs and expenses" shall mean qualified rehabilitation
16 expenditures as defined in Section 47c(2)(A) of the Internal Revenue Code of 1986,
17 as amended, except that "substantially rehabilitated" shall mean that the qualified
18 rehabilitation expenditures must exceed ten thousand dollars.

19 (d) "Louisiana Main Street Community" shall mean a geographic area
20 designated by the division of historic preservation as a Louisiana Main Street
21 Community.

22 (e) "Qualifying local district" shall mean a downtown development district,
23 a cultural products district, a Louisiana Main Street Community, or a small
24 municipality.

25 (f) "Small municipality" shall mean either of the following:

26 (i) A municipality with a population of less than twenty thousand which is
27 within a parish with a population of less than one hundred thousand.

28 (ii) Any municipality with a population of less than three thousand.

1 (2) Federal law terms. Except as otherwise provided or clearly appearing
2 from the context, any term used in this Section shall have the same meaning as when
3 used in a comparable context in federal law.

4 ~~€. D.~~ The provisions of this Section shall be effective for the taxable years
5 ending prior to January 1, ~~2016.~~ 2018.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Reynolds

HB No. 599

Abstract: Expands the income and corporate franchise tax credit for rehabilitation of historic structures in downtown development or cultural product districts to include insurance premium and severance tax payments as eligible expenses and extends the applicability to a qualifying local district.

Present law provides for an income and corporate franchise tax credit for the rehabilitation of historic structures in a downtown development or cultural product district.

Proposed law retains present law but allows insurance premiums and severance taxes to be included in the eligible costs and expenses.

Proposed law changes the districts to which the tax credit applies from a downtown development or cultural product district to a qualifying local district.

Present law provides for a credit against the income tax in the taxable period in which the credit is earned and against the franchise tax for the taxable period following the taxable period in which the credit is earned.

Proposed law retains present law but adds that the credit shall be allowed against tax liabilities for the tax imposed on insurance premiums pursuant to present law (R.S. 22:838) and for the general severance tax in the taxable period following the taxable period in which the credit is earned.

Proposed law defines "La. Main Street Community" as a geographic area designated by the division of historic preservation as a La. Main Street Community.

Proposed law defines "Qualifying local district" to mean a downtown development district, a cultural products district, a La. Main Street Community, or a small municipality.

Proposed law defines "Small municipality" to mean either a municipality with a population of less than 20,000 located within a parish with a population of less than 100,000 or a municipality with a population of less than 3,000.

Proposed law extends the effective date for taxable years ending prior to Jan. 1, 2016 to Jan. 1, 2018.

(Amends R.S. 47:6019)