

Regular Session, 2013

HOUSE BILL NO. 710

BY REPRESENTATIVE HUNTER

TAX/INCOME TAX: Phases-in a reduction in the amount of certain income tax credits over six years

1 AN ACT

2 To enact R.S. 47:6039, relative to state income and corporation franchise tax credits; to
3 require the reduction of certain income and corporation franchise tax credits; to
4 provide for a phase-in of the amount of the reduction; to provide for effectiveness;
5 and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:6039 is hereby amended and reenacted to read as follows:

8 §6039. Reduction of tax credits; phase-in; duration

9 A. For income tax credits established and authorized pursuant to the
10 provisions of R.S. 47:6004 through 6037 and Chapter 2 of Subtitle VII of Title 47
11 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:6101 through 6109,
12 the amount of the credit earned or granted shall be reduced during the following
13 periods by the following amounts:

14 (1) For taxable years beginning on or after January 1, 2014, and ending on
15 or before December 31, 2015, ten percent.

16 (2) For taxable years beginning on or after January 1, 2016, and ending on
17 or before December 31, 2019, twenty percent.

18 (3) Beginning January 1, 2020, the amount of the tax credit earned or granted
19 shall not be reduced.

1 B. For corporation franchise tax credits established and authorized pursuant
 2 to the provisions of R.S. 47:6004 through 6037 and Chapter 2 of Subtitle VII of Title
 3 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:6101 through
 4 6109, the amount of the credit earned or granted shall be reduced during the
 5 following periods by the following amounts:

6 (1) For taxable periods beginning on January 1, 2015, and on January 1,
 7 2016, ten percent.

8 (2) For taxable periods beginning on January 1, 2017, through January 1,
 9 2020, twenty percent.

10 (3) Beginning January 1, 2021, the amount of the tax credit earned or granted
 11 shall not be reduced.

12 Section 2. The provisions of this Act shall be applicable for all income tax years
 13 beginning on and after January 1, 2014, and shall be applicable for all corporation franchise
 14 tax years beginning on and after January 1, 2015.

15 Section 3. This Act shall become effective on January 1, 2014.

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)]

Hunter

HB No. 710

Abstract: Phases-in a reduction in the amount of certain tax credits earned or granted over a six-year period.

Present law provides for the establishment of the following tax credits and tax credit programs:

- (1) R.S. 47:6004 - Employer tax credit.
- (2) R.S. 47:6005 - Tax credits for qualified new recycling manufacturing or process equipment or service contracts.
- (3) R.S. 47:6006 - Tax credits for local inventory taxes.
- (4) R.S. 47:6006.1 - Tax credits for taxes paid with respect to vessels in Outer Continental Shelf Lands Act Waters.
- (5) R.S. 47:6007 - Motion picture investor tax credit.

- (6) R.S. 47:6008 - Tax credits for donations made to assist playgrounds in economically depressed areas.
- (7) R.S. 47:6009 - Louisiana Basic Skills Training tax credit.
- (8) R.S. 47:6010 - Employer tax credit for employee alcohol and substance abuse treatment programs.
- (9) R.S. 47:6012 - Employer tax credits for donations of materials, equipment, advisors, or instructors.
- (10) R.S. 47:6013 - Tax credits for donations made to public schools.
- (11) R.S. 47:6014 - Credit for property taxes paid by certain telephone companies.
- (12) R.S. 47:6015 - Research and development tax credit.
- (13) R.S. 47:6016 - New Markets tax credit.
- (14) R.S. 47:6017 - Tax credits for certain expenses paid by economic development corporations.
- (15) R.S. 47:6018 - Tax credits for purchasers from "PIE contractors".
- (16) R.S. 47:6019 - Tax credit for rehabilitation of historic structures.
- (17) R.S. 47:6020 - Angel Investor Tax Credit Program.
- (18) R.S. 47:6021 - Brownfields Investor tax credit.
- (19) R.S. 47:6022 - Digital interactive media and software tax credit.
- (20) R.S. 47:6023 - Sound recording investor tax credit.
- (21) R.S. 47:6024 - Rural hospital service district cooperative endeavors and joint ventures.
- (22) R.S. 47:6025 - Tax credit for Louisiana Citizens Property Insurance Corporation assessment.
- (23) R.S. 47:6026 - Cane River Heritage tax credit.
- (24) R.S. 47:6027 - Mentor-Protégé Tax Credit Program.
- (25) R.S. 47:6028 - Tax credit for certain overpayments.
- (26) R.S. 47:6029 - Tax credit for conversion or acquisition of trailers which haul sugarcane.
- (27) R.S. 47:6030 - Wind or solar energy systems tax credit.
- (28) R.S. 47:6031 - Louisiana Community Economic Development Act tax credit.
- (29) R.S. 47:6032 - Tax credit for certain milk producers.
- (30) R.S. 47:6033 - Apprenticeship tax credits.
- (31) R.S. 47:6034 - Musical and theatrical production income tax credit.

- (32) R.S. 47:6035 - Tax credit for conversion of vehicles to alternative fuel usage.
- (33) R.S. 47:6036 - Ports of Louisiana tax credit.
- (34) R.S. 47:6037 - Tax credit for "green jobs industries".
- (35) R.S. 47:6104 - Child care expense tax credit.
- (36) R.S. 47:6105 - Child care provider tax credit.
- (37) R.S. 47:6106 - Credit for child care directors and staff.
- (38) R.S. 47:6107 - Business supported child care.

Present law provides for the amount of each of these tax credits, eligibility requirements for qualifying for applicants, and for the administration of each credit or credit program.

Proposed law retains present law but reduces the amount of each of these tax credits during the following periods by the following amounts:

For income tax credits:

- (1) For taxable years beginning on or after Jan. 1, 2014, and ending on or before Dec. 31, 2015, 10%.
- (2) For taxable years beginning on or after Jan. 1, 2016, and ending on or before Dec. 31, 2019, 20%.
- (3) Beginning Jan. 1, 2020, the amount of the tax credit earned or granted shall not be reduced.

For corporation franchise tax credits:

- (1) For taxable periods beginning on Jan. 1, 2015, and on Jan. 1, 2016, 10%.
- (2) For taxable periods beginning on Jan. 1, 2017, through Jan. 1, 2020, 20%.
- (3) Beginning Jan. 1, 2021, the amount of the tax credit earned or granted shall not be reduced.

Effective on Jan. 1, 2014.

(Adds R.S. 47:6039)