

2015 Regular Session

HOUSE BILL NO. 563

BY REPRESENTATIVES THIERRY AND JAMES

TAX CREDITS: Reduces certain income and corporation franchise tax credits

1 AN ACT

2 To amend and reenact R.S. 47:6006(D)(5), 6006.1(E)(3), 6030(B)(1) and (2)(a),  
3 6034(C)(1)(a)(ii)(bb), (C)(1)(a)(iii), and (C)(1)(c) and (d), and 6035(C)(1) and to  
4 enact R.S. 47:6006(D)(6) and 6006.1(E)(4); relative to income and corporate  
5 franchise tax credits; to reduce the amount of tax credits; to provide for an effective  
6 date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6006(D)(5), 6006.1(E)(4), 6030(B)(1) and (2)(a),  
9 6034(C)(1)(a)(ii)(bb), (C)(1)(a)(iii), and (C)(1)(c) and (d), and 6035(C)(1) are hereby  
10 amended and reenacted and R.S. 47:6006(D)(6) and 6006.1(E)(3) are hereby enacted to read  
11 as follows:

12 §6006. Tax credits for local inventory taxes paid

13 \* \* \*

14 D. The credit provided in this Section shall be allowed as follows:

15 \* \* \*

16 (5) For inventory taxes paid to political subdivisions on or after July 1, 1996,  
17 and before June 30, 2015, the credit shall be one hundred percent of such taxes paid.

18 (6) For inventory taxes paid to political subdivisions on or after July 1, 2015,  
19 the credit shall be eighty percent of taxes paid.

1 §6006.1. Tax credits for taxes paid with respect to vessels in Outer Continental  
2 Shelf Lands Act Waters

3 \* \* \*

4 E. The credit provided in this Section shall be allowed as follows:

5 \* \* \*

6 (3) For ad valorem taxes on Outer Continental Shelf Lands Act Waters  
7 vessels paid to political subdivisions on or after July 1, 1996, and before June 30,  
8 2015, the credit shall be one hundred percent of such taxes paid.

9 (4) For ad valorem tax on Outer Continental Shelf Lands Act Waters vessels  
10 paid to political subdivisions on or after July 1, 2015, the credit shall be eighty  
11 percent of taxes paid.

12 \* \* \*

13 §6030. Solar energy systems tax credit

14 \* \* \*

15 B.(1) The tax credit for the purchase and installation of a system at a  
16 Louisiana residence or for a system which is already installed in a newly constructed  
17 home located in Louisiana shall be equal to ~~fifty~~ forty percent of the first twenty-five  
18 thousand dollars of the cost of a system that is purchased and installed on or after  
19 January 1, 2008, and before January 1, 2018. There shall be no tax credits  
20 authorized, issued, or granted as provided in this Paragraph for systems installed  
21 after December 31, 2017.

22 (2)

23 \* \* \*

24 (a) The tax credit shall be equal to ~~fifty~~ forty percent of the first twenty-five  
25 thousand dollars of the cost of purchase for a system installed before January 1,  
26 2014. For a system installed on or after January 1, 2014, and before January 1, 2018,  
27 the tax credit shall be equal to ~~thirty-eight~~ thirty percent of the first twenty-five  
28 thousand dollars of the cost of purchase.

29 \* \* \*

1 §6034. Musical and theatrical production income tax credit

2 \* \* \*

3 C. Income tax credits for state-certified productions and state-certified  
4 musical or theatrical facility infrastructure projects:

5 (1) There is hereby authorized the following types of credits against the state  
6 income tax:

7 (a)

8 \* \* \*

9 (ii)

10 \* \* \*

11 (bb) For state-certified higher education musical or theatrical infrastructure  
12 projects that receive initial certification on or before January 1, 2018, a base  
13 investment credit may be earned for expenditures made in the state on or before  
14 January 1, 2022, for the construction, repair, or renovation of a new state-certified  
15 higher education musical or theatrical facility infrastructure project, or for  
16 investments made by a company or a financier in such infrastructure project that are,  
17 in turn, expended for such construction, repair, or renovation. No more than ~~ten~~  
18 eight million dollars in tax credits per project or ~~sixty~~ forty-eight million dollars total  
19 in tax credits shall be granted for state-certified higher education musical or  
20 theatrical infrastructure projects. Twenty-five percent of the total base investment  
21 provided for in the initial certification letter of a state-certified higher education  
22 musical or theatrical infrastructure project must be expended on or before January  
23 1, 2020, in order for the project to earn credits for the remaining estimated base  
24 investment provided for in the initial certification letter, as expenditures are made in  
25 the state on or before January 1, 2022. No credits shall be certified until the state-  
26 certified higher education musical or theatrical infrastructure project is complete.  
27 The initial certification letter shall be effective for qualified expenditures made no  
28 more than six months prior to the date of application. State-certified higher education  
29 musical or theatrical infrastructure projects shall not be subject to the provisions of

1 Subitem (cc) of this Item nor shall such projects be subject to the provisions of  
2 Subsection H of this Section.

3 \* \* \*

4 (iii) Except as limited for state-certified infrastructure projects as provided  
5 for in this Subparagraph, the base investment credit shall be for the following  
6 amounts:

7 (aa) If the total base investment is greater than one hundred thousand dollars  
8 and less than or equal to three hundred thousand dollars, a company shall be allowed  
9 a tax credit of ~~ten~~ eight percent of the base investment made by that company.

10 (bb) If the total base investment is greater than three hundred thousand  
11 dollars and less than or equal to one million dollars, a company shall be allowed a  
12 tax credit of ~~twenty~~ sixteen percent of the base investment made by that company.

13 (cc) If the total base investment is greater than one million dollars, a  
14 company shall be allowed a tax credit of ~~twenty-five~~ twenty percent of the base  
15 investment made by that company.

16 \* \* \*

17 (c) An additional tax credit of ~~one-tenth~~ eight hundredths of one percent of  
18 the amount expended to employ students enrolled in Louisiana colleges, universities,  
19 and vocational-technical schools in a state certified musical or theatrical production  
20 in arts-related positions, such as an actor, writer, producer, stagehand, or director, or  
21 as a technician working on aspects of the production such as lighting, sound, and  
22 actual stage work, or working indirectly on the production in accounting, law,  
23 management, and marketing.

24 (d) To the extent that base investment is expended on payroll for Louisiana  
25 residents employed in connection with a state-certified musical or theatrical  
26 production, except for the students provided for in Subparagraph (c) of this  
27 Paragraph, or the construction of a state-certified musical or theatrical facility  
28 infrastructure project, a company shall be allowed an additional tax credit of ~~ten~~  
29 eight percent of such payroll; however, if the amount paid to any one person exceeds

1 one million dollars, the additional credit shall not include any amount paid to that  
2 person that exceeds one million dollars.

3 \* \* \*

4 §6035. Tax credit for conversion of vehicles to alternative fuel usage

5 \* \* \*

6 C.(1) The credit provided for in Subsection A of this Section shall be  
7 allowed against individual or corporate income tax for the taxable period in which  
8 the property is purchased and installed, if applicable, and shall be equal to ~~fifty~~ forty  
9 percent of the cost of the qualified clean-burning motor vehicle fuel property.

10 \* \* \*

11 Section 2. This Act shall become effective on July 1, 2015; if vetoed by the governor  
12 and subsequently approved by the Legislature, this Act shall become effective on July 1,  
13 2015, or on the day following such approval by the Legislature, whichever is later.

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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)]

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HB 563 Original 2015 Regular Session Thierry

**Abstract:** Reduces the amount of certain income tax credits by 20%.

Present law (R.S. 47:6006) 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 is equal to 100% of the inventory taxes paid to the political subdivision.

Proposed law retains present law but reduces the amount of the credit from 100% of ad valorem taxes paid to 80%.

Present law (R.S. 47:6006.1) 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. The amount of the credit is equal to 100% of the ad valorem taxes paid to the political subdivision.

Proposed law retains present law but reduces the amount of the credit from 100% to 80%.

Present law (R.S. 47:6030) 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 is 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.

Proposed law retains present law but reduces the amount of the credit from 50% of the first \$25,000 of the cost to 40%.

Present law (R.S. 47:6034) provides for an individual or corporate income tax credit for qualified production expenditures on investments in a state-certified musical or theatrical production or infrastructure project. For state-certified higher education musical or theatrical infrastructure projects that receive initial certification prior to Jan. 1, 2018, a base investment credit may be earned for expenditures made in the state on or before Jan. 1, 2022, for the construction, repair, or renovation of a new state-certified higher education musical or theatrical facility infrastructure project. No more than \$10 million in tax credits are allowed per project and no more than \$60 million is allowed for all state-certified higher education musical or theatrical infrastructure projects. The credit for an investor is granted in varying amounts.

Proposed law retains present law but reduces the per project cap from \$10 million to \$8 million and the program cap from \$60 million to \$48 million. Further reduces the credit amount for investors as follows:

- (1) From 10% to 8% of the investor's base investment if the total base investment is greater than \$100,000 and less than or equal to \$300,000.
- (2) From 20% to 16% of the investor's base investment if the total base investment is greater than \$300,000 and less than or equal to \$1 million.
- (3) From 25% to 20% of the investor's base investment if the total base investment is greater than \$1 million.

Present law (R.S. 47:6035) 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 is equal to 50% of the cost of the qualified clean-burning motor vehicle fuel property.

Proposed law retains present law but reduces the amount of the credit from 50% to 40%.

Effective July 1, 2015.

(Amends R.S. 47:6006(D)(5), 6006.1(E)(3), 6030(B)(1) and (2)(a), 6034(C)(1)(a)(ii)(bb), (C)(1)(a)(iii), and (C)(1)(c) and (d), and 6035(C)(1); Adds R.S. 47:6006(D)(6) and 6006.1(E)(4))