
DIGEST

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HB 724 Original

2015 Regular Session

Hunter

Abstract: Reduces certain income and corporation franchise tax credits by 20%.

Present law (R.S. 25:1226.4) provides for an income or corporation franchise credit to be used against the tax liability of a heritage-based cottage industry located in the Atchafalaya Trace Heritage Area. The credit is \$1,500 per business and \$1,500 per new employee hired.

Proposed law retains present law but reduces the amount of the credits from \$1,500 to \$1,200 per business and from \$1,500 to \$1,200 per new employee hired.

Present law (R.S. 47:34) provides for an income tax credit to be used against the tax liability of corporate income taxpayers who generate new full-time and part-time jobs in the state. This tax credit is allowed in lieu of any tax exemptions granted pursuant to the Louisiana Enterprise Zone Act, any ad valorem property tax exemptions for business or industry, or any ad valorem tax exemption allowed through the State Board of Commerce and Industry pursuant to La. Const. Art. VII, Sec. 21(F). The credit is a portion of the state corporate income tax not to exceed 50% and is determined by the number of new employees multiplied by varying amounts.

Proposed law retains present law but reduces the portion of the tax that the credit is not to exceed from 50% to 40% and reduces the eligible amount per employee as follows:

- (1) From \$100 to \$80 per eligible new employee per taxable year.
- (2) From \$200 to \$160 per eligible new economically disadvantaged employee per taxable year.
- (3) From \$250 to \$180 per new employee who is a resident of a neighborhood with an employment rate of ten percent or more per taxable year.

Present law (R.S. 47:35) provides for an income tax credit against the state corporate income tax liability for any business firm engaged in certain activities of providing neighborhood assistance, job training, education for individuals, community services, or crime prevention in the state. Present law requires the business firm to submit a proposal with certain information relative to the project for approval by the commissioner of administration. A tax credit of up to 70% of the actual amount contributed is authorized, but the tax credit for any corporation shall not exceed \$250,000 annually.

Proposed law retains present law but reduces the amount of the credit from 70% to 56% and reduces the maximum credit amount from \$250,000 to \$200,000.

Present law (R.S. 47:37) provides for an income tax credit against a taxpayer's tax liability for contributions, donations, or selling below cost tangible movable property to a public educational institution for the purposes of research, research training, or direct education of students in the state. The credit allowed is 40% of the property's value, or in the case of sale below cost, 40% of the difference between the price received and the value of the property.

Proposed law retains present law but reduces the allowable credit from 40% to 32% of either the property value or the difference between the price received and the value of the property.

Present law (R.S. 47:227) provides for an offset for every insurance company against any tax incurred for taxes on premiums.

Proposed law retains present law but reduces the amount of the offset from 100% of any tax incurred to 80% of the taxes incurred on premiums.

Present law (R.S. 47:265 and 287.664) provides for an income tax credit for utility companies against Louisiana income tax for amounts the utility company may have refunded to a customer pursuant to an order of the court or regulatory agency as a result of the denial of a proposed rate increase. The credit may be taken in lieu of a deduction from gross income if the deduction would result in a net loss. The credit is equal to the amount of the income tax increase had the amounts refunded been included in the gross income.

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

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%.

Present law (R.S. 47:6036) 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 investor tax credit is equal to the total amount of capital costs of the project which shall be taken at 5% per tax year. The amount of the import-export cargo tax credit is equal to the product of multiplying \$5 by the taxpayer's number of tons of qualified cargo for the taxable year that exceeds the precertification tonnage.

Proposed law retains present law but reduces the amount of the investor tax credit from the total amount of capital costs of the project to 80% of the amount of capital costs of the project. Further reduces the amount of the import-export cargo tax credit from \$5 multiplied by the taxpayer's number of tons of qualified cargo to \$4 multiplied by the taxpayer's number of tons of qualified cargo.

Present law (R.S. 47:6037) provides an individual income or corporate income tax credit for approved expenditures in the state for the construction, repair, or renovation of a state-certified green project. Present law further provides a \$1M per project cap and a \$5M annual program cap. The amount of the credit allowed varies.

Proposed law retains present law and reduces the project cap from \$1M to \$800,000 and reduces the annual program cap from \$5M to \$4M.

Present law provides for an additional tax credit of 10% of the base investment expended on payroll for La. residents employed in connection with the construction of a state-certified green project. The additional 10% tax credit for payroll for La. residents does not apply to that amount in excess of \$1M in payroll made to a single La. resident. Further allows an additional 1% of the base investment expended on payroll for La. residents who are graduates of certain La. programs.

Proposed law retains present law but reduces the amount of the credit 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 \$1M.
- (3) From 25% to 20% of the investor's base investment if the total base investment is greater than \$1M.

Proposed law further reduces the additional credit for payroll of La. residents from 10% to 8% and reduces the additional credit for payroll for La. residents who are graduates from certain La. programs from 1% to 0.8%.

Effective July 1, 2015.

(Amends R.S. 25:1226.4(C)(1) and (2) and R.S. 47:34(B)(1), 35(C), 37(C), 227, 265, 287.664, 6035(C)(1), 6036(C)(1)(b) and (I)(2)(a)(i), and 6037(B)(1)(Intro. Para.) and (2)(b), (c), and (d))