
DIGEST

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HB 757 Original

2015 Regular Session

Smith

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

Present law (R.S. 47:6019) provides for an income or corporation franchise tax credit for the amount of eligible costs and expenses incurred during the rehabilitation of a historic structure located in a downtown development district or a cultural district. The credit shall not exceed 25% of the eligible costs and expenses and no taxpayer shall claim more than \$5M of credit annually for any number of structures rehabilitated within a particular downtown development or cultural district.

Proposed law retains present law but reduces the amount of the credit from an amount not to exceed 25% of the eligible costs and expenses to an amount not to exceed 20% and reduces the amount a taxpayer is able to claim for any number of structures rehabilitated within a particular downtown development district or cultural district from \$5M to \$4M.

Present law (R.S. 47:6020) provides for an income tax credit for qualifying individual or entities that invest in a La. Entrepreneurial Business. The credit is equal to 35% of the qualified investment and the total amount of tax credits granted in any calendar tax year by the department shall not exceed \$5M. Present law further limits qualifying investments by an investor to those that do not exceed \$1M per year per business and to \$2M total per business.

Proposed law retains present law but reduces the amount of the credit from 35% of the qualified investment to 28% and reduces the total amount of tax credits that may be granted from \$5M to \$4M in any calendar tax year. Proposed law further reduces the maximum qualifying investment by an investor from \$1M to \$800,000 and the maximum investment per business from \$2M to \$1.6M.

Present law (R.S. 47:6022) provides for an income or franchise tax credit for La. taxpayers for investment in state-certified productions for digital interactive media earned at the time expenditures are made on a state-certified production. The amount of the credit is equal to 25% of the base investment made by the investor. Additionally provides for a credit equal to 10% of base investment expended on payroll for La. residents employed in connection with a state-certified production.

Proposed law retains present law but reduces the amount of the credit from 25% of the base investment to 20% of the base investment and from 10% of the base investment expended on payroll for La. residents to 8% of the base investment expended on payroll for La. residents.

Present law (R.S. 47:6023) provides for an income or franchise tax credit for La. taxpayers for investment in state-certified productions for sound recordings earned at the time expenditures are

made on a state-certified production. The amount of the credit is equal to 25% of the base investment made by the investor in excess of \$15K, or in excess of \$5K for investors who are La. residents. Additionally provides for a credit equal to 10% of base investment expended on payroll for La. residents employed in connection with a state-certified production. Present law provides an annual program cap of \$3M.

Proposed law retains present law but reduces the amount of the credit from 25% of the base investment to 20% of the base investment and reduces the annual program cap from \$3M to \$2.4M.

Present law (R.S. 47:6025) provides an income tax credit against La. income tax for the amount of surcharges, market equalization charges, or assessments paid by a taxpayer for the La. Citizens Property Insurance Corporation assessments due to Hurricanes Katrina and Rita.

Proposed law retains present law but reduces the amount of the credit from the full amount of surcharges, market equalization charges, or assessments to 80% of the amount of surcharges, market equalization charges, or assessment.

Present law (R.S. 47:6026) provides for an income or corporation franchise tax credit for certain heritage-based cottage industries located or to be located in the Cane River Heritage Area Development Zone. The credit is equal to an amount up to \$1,500 per contract award and an additional \$1,500 credit for each new employee hired during the taxable year for which the credit is claimed.

Proposed law retains present law but reduces the amount of the credit from \$1,500 per contract award to \$1,200 and reduces the amount of the credit for each new employee hired from \$1,500 to \$1,200.

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. 47:6032) 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 is 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 caps the total aggregate amount of credits for all producers at \$2.5M per calendar year and limits the credit allowed for each producer at varying amounts.

Proposed law retains present law but reduces the total aggregate amount of credits for all producers from \$2.5M per calendar year to \$2M per calendar year. Further reduces the credits allowed for each producer as follows:

- (1) From \$5,000 to \$4,000 tax credit for up to 1M pounds of milk produced.
- (2) From \$10,000 to \$8,000 tax credit for 1,000,001 to 1.5M pounds of milk produced.
- (3) From \$15,000 to \$12,000 tax credit for 1,500,001 to 2M pounds of milk produced.
- (4) From \$20,000 to \$16,000 tax credit for 2,000,001 to 2.5M pounds of milk produced.
- (5) From \$25,000 to \$20,000 tax credit for 2,500,001 to 3M pounds of milk produced.
- (6) From \$30,000 to \$24,000 tax credit for greater than 3M pounds of milk produced.

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 January 1, 2018, a base investment credit may be earned for expenditures made in the state on or before January 1, 2022 for the construction, repair, or renovation of a new state-certified higher education musical or theatrical facility infrastructure project. No more than \$10M in tax credits are allowed per project and no more than \$60M 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 \$10M to \$8M and the program cap from \$60M to \$48M. 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 \$1M.
- (3) From 25% to 20% of the investor's base investment if the total base investment is greater than \$1M.

Effective July 1, 2015.

(Amends R.S. 47:6019(A)(1)(a), 6020(D)(1) and (2)(a), 6022(D)(2)(intro. para.), 6023(C)(1) and (3)(a), 6025(A)(1), 6026(D)(2) and (3), 6030(B)(1) and (2)(a), 6032(C) and (F), and 6034(C)(1)(a)(ii)(bb) and (iii) and (C)(1)(c) and (d); Adds R.S. 47:6022(D)(3))