

**GREEN SHEET REDIGEST**

**HB 629**

**2015 Regular Session**

**Jackson**

**(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)**

**TAX CREDITS: Reduces income and corporation franchise tax credits**

-----

DIGEST

Proposed law reduces certain income and corporation franchise tax credits by 28%.

Present law provides for the following income and corporation franchise tax credits:

- (1) R.S. 25:1226.4 Atchafalaya Trace Heritage Area Development Zone tax credit
- (2) R.S. 47:33 Credit for taxes paid to other states
- (3) R.S. 47:34 Corporation tax credit
- (4) R.S. 47:35 Neighborhood assistance tax credit
- (5) R.S. 47:37 Credit for contributions to educational institutions
- (6) R.S. 47:265 Credits arising from refunds by utilities
- (7) R.S. 47:287.664 Credits arising from refunds by utilities
- (8) R.S. 47:287.748 Corporation tax credit; re-entrant jobs credit
- (9) R.S. 47:287.749 Jobs credit
- (10) R.S. 47:287.752 Credit for employment of first-time nonviolent offenders
- (11) R.S. 47:287.753 Neighborhood assistance tax credit
- (12) R.S. 47:287.755 Credit for contributions to educational institutions
- (13) R.S. 47:287.758 Credit for bone marrow donor expense
- (14) R.S. 47:287.759 Credit for employee and dependent health insurance coverage
- (15) R.S. 47:297 Reduction to tax due
- (16) R.S. 47:297.2 Credit for physically or mentally incapable dependents
- (17) R.S. 47:297.6 Credit for rehabilitation of residential structures
- (18) R.S. 47:297.9 Certain military service members and dependents hunting and fishing licenses
- (19) R.S. 47:6004 Employer Credit
- (20) R.S. 47:6005 Qualified new recycling manufacturing equipment and service contracts
- (21) R.S. 47:6006 Credits for local inventory taxes
- (22) R.S. 47:6006.1 Credit for taxes paid for vessels in Outer Continental Shelf Lands Act Waters

- (23) R.S. 47:6007 Motion picture investor tax credit
- (24) R.S. 47:6008 Credit for donations to assist playgrounds in economically depressed areas
- (25) R.S. 47:6009 Louisiana Basic Skills Training Tax Credit
- (26) R.S. 47:6012 Employer tax credits for donations of materials, equipment, advisors, or instructors
- (27) R.S. 47:6013 Credit for donations to public schools
- (28) R.S. 47:6015 Research and development tax credit
- (29) R.S. 47:6017 Credit for expenses paid by economic development corporations
- (30) R.S. 47:6018 Credit for purchasers from "PIE contractors"
- (31) R.S. 47:6020 Angel Investor tax credit program
- (32) R.S. 47:6022 Digital interactive media and software tax credit
- (33) R.S. 47:6023 Sound recording investor tax credit
- (34) R.S. 47:6025 Credit for La. Citizens Property Insurance Corp. assessment
- (35) R.S. 47:6026 Cane River heritage tax credit
- (36) R.S. 47:6030 Solar energy systems tax credit
- (37) R.S. 47:6032 Credit for certain milk producers
- (38) R.S. 47:6034 Musical and theatrical production income tax credit
- (39) R.S. 47:6035 Credit for conversion of vehicles to alternative fuel usage
- (40) R.S. 47:6036 Ports of Louisiana tax credit
- (41) R.S. 47:6037 Credit for "green job industries"
- (42) R.S. 51:1807 Incentives (Urban Revitalization)
- (43) R.S. 51:2354 Technology commercialization credit
- (44) R.S. 51:2399.3 Modernization tax credit

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 equal to the number of new employees multiplied by varying amounts.

Proposed law retains present law but reduces the eligible amount per employee as follows:

- (1) From \$100 to \$72 per eligible new employee per taxable year.
- (2) From \$200 to \$144 per eligible new economically disadvantaged employee per taxable year.

- (3) From \$225 to \$162 per new employee who is a resident of a neighborhood with an employment rate of 10% 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 50% and reduces the maximum credit amount from \$250,000 to \$180,000.

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 29% of either the property value or the difference between the price received and the value of the property.

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 the amount of the income tax increase to 72% of the income tax increase.

Present law (R.S. 47:287.748) provides for an income tax credit against the corporate income tax liability for taxpayers who employ an eligible Intensive Incarceration Program re-entrant. The credit allowed is \$150 per eligible re-entrant employed, but shall not exceed 50% of the corporate income tax.

Proposed law retains present law but reduces the credit from \$150 per eligible re-entrant to \$108 per eligible re-entrant and decreases the maximum allowable credit from 50% of the corporate income tax to 36% of the corporate income tax.

Present law (R.S. 287.749) 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 equal to the number of new employees multiplied by varying amounts.

Proposed law retains present law but decreases the eligible amount per employee as follows:

- (1) From \$100 to \$72 per eligible new employee per taxable year.
- (2) From \$200 to \$144 per eligible new economically disadvantaged employee per taxable year.
- (3) From \$225 to \$162 per new employee who is a resident of a neighborhood with an employment rate of 10% or more per taxable year.

Present law (R.S. 47:287.752) provides for an income tax credit for each taxpayer who provides full-time employment to an individual who has been convicted of a first-time nonviolent offense. Requires certification by the employee's probation officer that the employee has successfully completed a drug treatment program, or any other court-ordered program, and that the employee has worked 180 days full-time for the employer seeking the credit. The credit allowed is \$200 per eligible employee per taxable year.

Proposed law retains present law but reduces the amount of the credit from \$200 per eligible employee to \$144 per eligible employee.

Present law (R.S. 47:287.753) 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 50% and decreases the maximum tax credit amount from \$250,000 to \$180,000.

Present law (R.S. 47:287.755) 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 computed at the rate of 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 rates from 40% to 29% of either the property value or the difference between the price received and the value of the property.

Present law (R.S. 47:287.758) provides an income tax credit for taxpayers for certain bone marrow donor expenses. The amount of the credit is 25% of the bone marrow donor expenses incurred during the tax year by an employer to provide the program.

Proposed law retains present law but reduces the amount of the credit from 25% to 18%.

Present law (R.S. 47:287.759) provides for an income tax credit against the income tax for the period in which the credit was earned for certain contractors or subcontractors who contract to do public work. Present law allows a credit of 5% on 40% of the amount of the contract to do public work if the contractor or subcontractor offers 85% of their full-time employees health insurance coverage and pays 75% of the total premium for the health insurance coverage for each employee and not less than 50% for each dependent. Further limits the amount of the credit to not more than \$3 million per year.

Proposed law retains present law but reduces the amount of the credit allowed from 5% to 3.6% and reduces the maximum credit amount from \$3 million to \$2.16 million.

Present law (R.S. 47:297(A)) provides for a tax credit of \$100 for any taxpayer when the taxpayer, taxpayer's spouse, or dependent is deaf, blind, mentally incapacitated, or has lost the use of one or more limbs.

Proposed law retains present law but reduces the amount of the credit from \$100 to \$72.

Present law (R.S. 47:297(B)) provides for a tax credit for the elderly, contributions to candidates for public office, investment credits, credits for foreign tax, work incentive credits, jobs credits, and residential credits. The amount of the credit is the lesser of \$25 or 10% of the same credit allowed on the federal income tax return for the same tax year.

Proposed law retains present law but reduces the amount of the credit from the lesser of \$25 or 10% of the credit allowed on the federal return to the lesser of \$18 or 7.2% of the credit allowed on the federal return.

Present law (R.S. 47:297(C)) provides for an income tax credit for individuals in an amount equal to the state gasoline and motor fuels tax and special fuels taxes paid to operate or propel a commercial fishing boat.

Proposed law retains present law but reduces the amount of the credit from 100% of the amount of the gasoline, motor fuels, and special fuels taxes to 72%.

Present law (R.S. 47:297(D)) provides a \$25 income tax credit per child for individual taxpayers for educational expenses.

Proposed law retains present law but reduces the amount of the credit from \$25 to \$18.

Present law (R.S. 47:297(F)) provides an income tax credit for individual taxpayers in an amount equal to 33.3% of the amount contributed to a family responsibility program under the provisions of present law. Further limits the credit to \$200 per year.

Proposed law retains present law but reduces the amount of the credit from 33.3% to 24% of the contribution and reduces the maximum credit from \$200 to \$144.

Present law (R.S. 47:297(G)) provides for an income tax credit for taxpayers who purchase certain environmental equipment designed to recover or recycle chloroflourocarbons used as refrigerants in commercial, home, and automobile air-conditioning systems, refrigeration units, and industrial cooling applications. The credit allowed is 20% of the purchase price of the equipment, or if the equipment is financed, 20% of the original purchase price paid in that tax year.

Proposed law retains present law but reduces the amounts of the credit from 20% of the purchase price to 14.4%.

Present law (R.S. 47:297(H)) provides for an income tax credit for certain medical doctors and dentist who practice in designated rural areas. The credit allowed is \$5,000 per taxable year up to a maximum of five years for each taxpayer meeting the criteria.

Proposed law retains present law but reduces the amount of the credit from \$5,000 to \$3,600 per taxable year.

Present law (R.S. 47:297(I)) provides an income tax credit for taxpayers for certain bone marrow donor expenses. The amount of the credit is 25% of the bone marrow donor expenses incurred during the tax year by an employer to provide the program.

Proposed law retains present law but reduces the amount of the credit from 25% to 18%.

Present law (R.S. 47:297(J)) provides an income tax credit for individual taxpayers for certain educational expenses associated with attending college. The amount of the credit is equal to the least of the tax due, or 100% of the educational expenses, or \$750.

Proposed law retains present law but reduces the amount of the credit from the least of the tax due, 100% of the education expenses, or \$750 to the least of the tax due, 72% of the education expenses, or \$540.

Present law (R.S. 47:297(L)) provides an income tax credit for qualified taxpayers for the purchase of a bulletproof vest. Requires the qualified taxpayer to be a member of certain law enforcement. The amount of the credit is the lesser of the full purchase price including applicable taxes paid by the taxpayer or \$100.

Proposed law retains present law but reduces the amount of the credit from the lesser of the full purchase price including applicable taxes or \$100 to 72% of the full purchase price including applicable taxes or \$72.

Present law (R.S. 47:297(M)) provides for an income tax credit against individual income tax for amounts paid as premiums for eligible long-term care insurance. The amount of the credit is equal to 10% of the total amount of premiums paid annually.

Proposed law retains present law but reduces the amount of the credit from 10% of the total amount of premiums to 7.2%.

Present law (R.S. 47:297(N)) provides for an income tax credit against individual income tax equal to certain amounts incurred by a taxpayer for the taxpayer's expenses because of a living organ donation by the taxpayer or taxpayer's spouse. The maximum amount of the credit allowed is \$10,000.

Proposed law retains present law but reduces the maximum amount of the credit from \$10,000 to \$7,200.

Present law (R.S. 47:297(P)) provides for an income tax credit against individual income tax for inclusion of certain accessible and barrier-free design elements in the construction of a new one- or two- family dwelling. The amount of the credit is the lesser of \$1,000 or the total tax liability of the taxpayer.

Proposed law retains present law but reduces the amount of the credit from the lesser of \$1,000 or the total tax liability of the taxpayer to \$720 or 72% of the total tax liability of the taxpayer.

Present law (R.S. 47:297.6) provides for an income tax credit for individual income tax for the amount of eligible costs and expenses incurred during the rehabilitation of an owner-occupied residential or owner-occupied mixed use structure located in certain specific locations. The amount of the credit is equal to 25% of the eligible costs and expenses of a rehabilitation. The maximum credit allowed is \$25,000. Present law further authorizes a credit of 50% of the eligible costs and expenses of a rehabilitation of a vacant and blighted owner-occupied residential structure that is at least 50 years old. Present law provides an annual program cap of \$10 million.

Proposed law retains present law but reduces the credit amount from 25% to 18.5% of eligible costs and expenses and reduces the credit amount from 50% to 36% of eligible costs and expenses for the rehabilitation of the qualified vacant and blighted residential structures. Further reduces the maximum credit allowed from \$25,000 to \$18,500 and reduces the program cap from \$10 million to \$7.2 million.

Present law (R.S. 47:297.9) provides for an individual income tax credit for the amount paid by an active or reserve military service member for a La. noncommercial hunting or fishing license.

Proposed law retains present law but reduces the amount of the credit from 100% of the amount of the license to 72%.

Present law (R.S. 47:6004) provides for an income and corporation franchise tax credit for the employment of each person and participant of Family Independence Work Program in a newly created full-time job. The amount of the credit is \$750 and is allowed for the taxable period during which the new employee has completed one year of full-time service with the taxpayer or against the corporation franchise tax for the taxable period following the taxable period during which the new employee has completed one year of full-time service with the taxpayer.

Proposed law retains present law but reduces the amount of the credit from \$750 to \$540.

Present law (R.S. 47:6005) provides an income tax or corporation franchise tax credit for taxpayers who purchase qualified new recycling manufacturing or process equipment or qualified service contracts to be used or performed exclusively in the state. The amount of the credit is 20% of the cost of the equipment or service contract less the amount of any other tax credit received for the purchase of the equipment or contract. Further provides an annual program cap of \$5 million.

Proposed law retains present law but reduces the amount of the credit from 20% to 14.4% and reduces the annual program cap from \$5 million to \$3.6 million.

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 72%.

Present law (R.S. 47:6007) provides for an income tax credit for La. taxpayers for investment in state-certified productions earned at the time expenditures are made by a motion picture production company in a state-certified production. The amount of the credit is equal to 30% of the base investment made by the investor if the total base investment is more than \$300,000. Additionally provides for a credit equal to 5% of base investment expended on payroll for La. residents employed in connection with a state-certified production. However, this credit does not apply to the payroll of any one person that exceeds \$1 million.

Proposed law retains present law but reduces the amount of the credit from 30% of the investor's base investment to 21.6% and reduces the credit for payroll for La. residents from 5% to 3.6%.

Present law (R.S. 47:6008) provides for an income or corporation franchise tax credit for qualified donations made to qualified playgrounds. The amount of the credit is equal to the lesser of \$1,000 or one-half of the value of the cash, equipment, goods, or services donated.

Proposed law retains present law but reduces the amount of the credit from the lesser of \$1,000 or 50% of the value of the cash, equipment, goods, or services donated to the lesser of \$720 or 36% of the value of the cash, equipment, goods, or services donated.

Present law (R.S. 47:6009) provides for an income or corporation franchise tax credit for a La. business or industry that supports and encourages employee basic skills training by satisfying criteria established in present law and that submit proper and complete applications. The amount of the credit is \$250 per participating employee, with the total of all basic skills training credits not to exceed \$30,000 for any single business or industry enterprise in a particular tax year.

Proposed law retains present law but reduces the amount of the credit from \$250 per participating employee to \$180 and reduces the total maximum amount of all basic skills training credits from \$30,000 to \$21,600 for any single business or industry in a particular tax year.

Present law (R.S. 47:6012) provides for an income and corporation franchise tax credit for employers within the state to donate materials, equipment, or instructors to public training providers registered with the La. Workforce Commission, or community colleges to assist in the development of training programs designed to meet industry needs. The amount of the credit is equal to 50% of the value of the donated materials, equipment, or services rendered by the instructor.

Proposed law retains present law but reduces the amount of the credit from 50% of the value of the donated materials, equipment, or services rendered by the instructor to 36%.

Present law (R.S. 47:6013) provides for a corporate income and corporation franchise tax credit for qualified donations made to a public school. The amount of the credit is equal to 40% of the appraised value of the qualified donation.

Proposed law retains present law but reduces the amount of the credit from 40% of the appraised value of the qualified donation to 28.8%.

Present law (R.S. 47:6015) provides for an income and corporation franchise tax credit for taxpayers who employ persons in the state and claims a federal income tax credit for increasing research activities. The credit is allowed at varying amounts.

Proposed law retains present law but reduces the amount of the credit as follows:

- (1) For a taxpayer who employs 100 persons or more, from 8% to 5.76%.
- (2) For a taxpayer who employs 50-99 persons, from 20% to 14.4%.
- (3) For a taxpayer who employs less than 50 persons, from 40% to 28.8%.

Present law (R.S. 47:6017) provides for an income or corporation franchise tax credit for the filing fee paid to the La. State Bond Commission. The amount of the credit is equal to the amount of the filing fee paid.

Proposed law retains present law but reduces the amount of the credit from 100% of the amount of the filing fee to 72%.

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 \$5 million. Present law further limits qualifying investments by an investor to those that do not exceed \$1 million per year per business and to \$2 million total per business.

Proposed law retains present law but reduces the amount of the credit from 35% of the qualified investment to 24.5% and reduces the total amount of tax credits that may be granted from \$5 million to \$3.6 million in any calendar tax year. Proposed law further reduces the maximum qualifying investment by an investor from \$1 million to \$720,000 and the maximum investment per business from \$2 million to \$1.44 million.

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 18% of the base investment and from 10% of the base investment expended on payroll for La. residents to 7.2% 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 \$15,000, or in excess of \$5,000 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 \$3 million.



Proposed law retains present law but reduces the amount of the credit from 25% of the base investment to 18% of the base investment and reduces the annual program cap from \$3 million to \$2.16 million.

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 72% 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 \$1,080 and reduces the amount of the credit for each new employee hired from \$1,500 to \$1,080.

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 \$2.5 million 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 \$2.5 million per calendar year to \$1.8 million per calendar year. Further reduces the credits allowed for each producer as follows:

- (1) From \$5,000 to \$3,600 tax credit for up to 1 million pounds of milk produced.
- (2) From \$10,800 to \$7,200 tax credit for 1,000,001 to 1.5 million pounds of milk produced.
- (3) From \$15,000 to \$10,800 tax credit for 1,500,001 to 2 million pounds of milk produced.
- (4) From \$20,000 to \$14,400 tax credit for 2,000,001 to 2.5 million pounds of milk produced.
- (5) From \$25,000 to \$18,000 tax credit for 2,500,001 to 3 million pounds of milk produced.
- (6) From \$30,000 to \$21,600 tax credit for greater than 3 million 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 \$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 \$7.2 million and the program cap from \$60 million to \$48 million. Further reduces the credit amount for investors as follows:

- (1) From 10% to 7.2% 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 14.4% 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 17.5% 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. The credit for new automobiles with such property installed is 10% up to \$3,000.

Proposed law retains present law but reduces the amount of the credit from 50% to 36% and reduces the credit for new automobiles from 10% to 7.2% up to \$1,500.

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 72% 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 \$3.60 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 \$1 million per project cap and a \$5 million annual program cap. The amount of the credit allowed varies.

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 \$1 million 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 7.2% 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 14.4% 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 18% of the investor's base investment if the total base investment is greater than \$1million.

Proposed law further reduces the additional credit for payroll of La. residents from 10% to 7.2% and reduces the additional credit for payroll for La. residents who are graduates from certain La. programs from 1% to 0.72%.

Present law (R.S. 51:1807) provides for an income or franchise tax credit for businesses located in an urban revitalization zone. The credit is equal to \$5,000 per net new employee. The credit received pursuant to present law is in lieu of any incentive received under the Enterprise Zone Program.

Proposed law retains present law but reduces the amount of the credit from \$5,000 per net new employee to \$3,600.

Present law (R.S. 51:2354) provides an income and corporation franchise tax credit for investments by the taxpayer in commercialization costs for certain business locations. The amount of the credit is equal to 40% of the amount of money invested. Further provides a credit for qualified new direct jobs. The credit is equal to 5% multiplied by the gross payroll of the qualified new direct jobs.

Proposed law retains present law but reduces the credit for commercialization costs from 40% of the amount invested to 28.8% of the amount invested and reduces the amount of the credit for qualified new direct jobs from 5% to 3.6% multiplied by the gross payroll of the qualified new direct jobs.

Present law (R.S. 51:2399.3) provides for an income or corporation franchise tax credit for amounts of qualified expenditures incurred by an employer for modernization. The amount of the credit is equal to 5% of the amount of qualified expenditures. Further provides an annual program cap of \$10 million.

Proposed law retains present law but reduces the amount of the credit from 5% to 3.6% and reduces the annual program cap from \$10 million to \$7.2 million.

Present law (R.S. 51:1787) authorizes Enterprise Zone contracts for state and local sales tax rebates for the cost of the use of customer-owned tooling in a compression molding process or purchases of the material used in the construction of a building, or any addition or improvement thereon, for housing any legitimate business enterprise and machinery and equipment used in that enterprise or a refundable investment income tax credit equal to one and one-half percent of the amount of certain similar qualified expenditures.

Present law also provides tax credits of certain amounts for adding new jobs in certain businesses.

Proposed law reduces the sales tax rebate granted from all of the state and local sales tax to 72% of such tax and reduces the in lieu refundable investment income tax credit equal from 1.5% to 1.08%.

Proposed law reduces the other Enterprise Zone tax credits as follows:

- (1) From \$2,500 to \$1,800 per net new employee of the Enterprise Zone business.
- (2) From \$5,000 to \$3,600 for each new job created in certain aviation or aerospace industries.
- (3) From \$5,000 to \$3,600 for each new job created in the motor vehicle parts manufacturing industry.
- (4) From \$5,000 to \$3,600 for each new job created in the rubber manufacturing industry.

Proposed law specifically excludes Enterprise Zone contracts from the provision of the proposed law (set forth below) which makes the reduction in the credits and rebates applicable regardless of the tax year to which the credit relates.

Effective July 1, 2015 and applicable to all claims for credits on any return filed or any transfers to a state agency, on or after July 1, 2015, regardless of the taxable year to which the return or the production to which the transfer relates. However, proposed law allows any claim for a credit not allowed by the provisions of the proposed law on a return filed after July 1, 2015 pursuant to an extension of time to file granted prior to July 1, 2015 to be claimed in the following manner. One-third of any such credit not allowed may be taken as a credit against tax only in each of the taxpayer's tax years beginning during calendar years 2017, 2018, and 2019.

(Amends R.S. 25:1226.4(C)(1) and (2), R.S. 47:34(B)(1), 35(C), 37(C), 265, 287.664, 287.748(B)(1), 287.749(B), 287.752(B)(1), 287.753(C), 287.755(C), 287.758(B), 287.759(A) and (C)(3), 297(A), (B), (C)(1), (D)(2), (F), (G)(2), (H)(1), (I)(2), (J)(4), (K)(2)(a), (L)(3), (M)(1), (N)(1) and (2), and (P)(2), 297.6(A)(1) and (5), 297.9(A), 6004(A)(2), the heading of 6005, 6005(C)(1) and (D)(1), 6006(D)(5), 6007(C)(1)(c)(intro. para.), 6008(A), 6009(D)(1), 6012(B), 6013(A), 6015(C)(2) and (D), 6017(A), 6018(C), 6020(D)(1) and (2)(a), 6022(D)(2)(intro. para.), 6023(C)(1) and (3)(intro. para.), 6025(A)(1), 6026(D)(2) and (3), 6032(C) and (F), 6034(C)(1)(a)(ii)(bb), (C)(1)(a)(iii), (C)(1)(c), and (d), 6035(C)(1) and (D), 6036(C)(1)(b) and (I)(2)(a)(i), and 6037(B)(1) and (2)(b), (c), and (d) and R.S. 51:1807(C), 2354(A) and (B), 2399.3(A)(2)(a) and (b), and 3085(B)(1)(a); Adds R.S. 47:297.4(A)(1)(a)(iii), 6006(D)(6), 6006.1(E)(4), 6007(C)(1)(c)(iii) and (d), and 6022(D)(3))

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Add the income tax credit for taxes paid in other states but reduces the amount of the credit by 20%.
2. Reduce the amount of tax credit certain milk producers may receive from \$30,000 to \$24,000.
3. Delete the following tax credits from the bill:
  - (1) R.S. 47:227 - Offset against tax; insurance premiums
  - (2) R.S. 47:297.4 - Credit for child care expenses
  - (3) R.S. 47:297.8 - Earned income tax credit
  - (4) R.S. 47:6015 - Research and development tax credit
  - (5) R.S. 47:6020 - Angel Investor tax credit program
  - (6) R.S. 47:6022 - Digital interactive media and software tax credit
  - (7) R.S. 47:6036 - Ports of Louisiana tax credit
  - (8) R.S. 47:6104 - Child care expense tax credit
  - (9) R.S. 47:6105 - Child care provider tax credit
  - (10) R.S. 47:6106 - Credit for child care directors and staff
  - (11) R.S. 47:6107 - Business-supported child care
  - (12) R.S. 51:1787 - Incentives (Enterprise Zone)

4. Add provisions making proposed law applicable to all claims for credits on any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates.

The House Floor Amendments to the engrossed bill:

1. Delete the following tax credits from the bill:
  - (1) R.S. 47:6014 - Credit for property taxes paid by certain telephone companies
  - (2) R.S. 47:6016.1 - Louisiana New Markets Jobs Act
  - (3) R.S. 47:6019 - Credit for rehabilitation of historic structures (commercial)
  - (4) R.S. 51:1924 - Income tax credit or premium tax reduction
2. Add the following tax credits to the bill and reduce the amount of the credits by 20%:
  - (1) R.S. 47:6015 - Research and development tax credit
  - (2) R.S. 47:6020 - Angel Investor tax credit program
  - (3) R.S. 47:6022 - Digital interactive media and software tax credit
  - (4) R.S. 47:6036 - Ports of Louisiana tax credit
3. Make technical corrections.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the reengrossed bill

1. Increases the reduction in the credits from 20% to 28%.
2. Deleted the following tax credits from the bill, restoring one hundred percent of the credits:
  - (a) R.S. 47:33(A) - Credit for taxes paid in another state.
  - (b) R.S. 47:297.2 - Credit for households with incapable dependents.
  - (c) R.S. 47:6006.1 - Credit for OCS vessels.
  - (d) R.S. 47:6030 - solar energy systems credit.
3. Includes "transfers to a state agency on or after July 1, 2015" in the provision of the proposed law which makes its reduction provision applicable regardless of the production to which the transfer relates.
4. Adds a provision to the proposed law which provides that any claim for a credit not allowed on a return filed after July 1, 2015 pursuant to an extension of time to file granted prior to July 1, 2015 must be allowed in the following manner. One-third of any such credit is allowed to be taken as a credit against tax only in each of the taxpayer's tax years beginning during calendar years 2017, 2018, and 2019.

5. Adds Enterprise Zone contracts (R.S. 51:1787) to the proposed law but excludes them from the provision in the proposed law that makes the reduction in the credit and rebates applicable regardless of the tax year to which the credit relates.
6. Reduced the minimum credit for new automobiles with qualified clean-burning motor vehicle fuel property from \$3,000 to \$1,500. (R.S. 47:6035)