

2016 First Extraordinary Session

HOUSE BILL NO. 24

BY REPRESENTATIVE JACKSON

TAX CREDITS: Repeals the three-year sunset of certain reductions to income and corporation franchise tax credits (Item #10)

1 AN ACT

2 To amend and reenact R.S. 47:227 and 6034(C)(1)(a)(ii)(bb)(II), (c)(ii), and (d)(ii), and  
3 Sections 7 and 8 of Act No. 125 of the 2015 Regular Session of the Legislature and  
4 to repeal Sections 4, 5, and 6 of Act No. 125 of the 2015 Regular Session of the  
5 Legislature, relative to the sunset of reductions to tax credits in Act No. 125 of the  
6 2015 Regular Session of the Legislature; to repeal the three-year sunset of reductions  
7 to tax credits in Act No. 125 of the 2015 Regular Session; to provide for an effective  
8 date; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:227 and 6034(C)(1)(a)(ii)(bb)(II), (c)(ii), and (d)(ii) are hereby  
11 amended and reenacted to read as follows:

12 §227. Offset against tax

13 Every insurance company shall be entitled to an offset against any tax  
14 incurred under this Chapter, in the amount of any taxes, based on premiums, paid by  
15 it during the preceding twelve months, by virtue of any law of this state. Beginning  
16 on and after July 1, 2015, ~~and before July 1, 2018~~, the offset shall be equal to  
17 seventy-two percent of the amount of any taxes, based on premiums.

18 \* \* \*

19 §6034. Musical and theatrical production income tax credit

20 \* \* \*

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

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

5 (a)

6 \* \* \*

7 (ii)

8 \* \* \*

9 (bb)

10 \* \* \*

11 (II) For state-certified higher education musical or theatrical infrastructure  
12 projects that receive initial certification on or after July 1, 2015, ~~and on or before~~  
13 ~~January 1, 2018~~, a base investment credit may be earned for expenditures made in  
14 the state on or before January 1, 2022, for the construction, repair, or renovation of  
15 a new state-certified higher education musical or theatrical facility infrastructure  
16 project, or for investments made by a company or a financier in such infrastructure  
17 project that are, in turn, expended for such construction, repair, or renovation. No  
18 more than seven million two hundred thousand dollars in tax credits per project or  
19 forty-three million two hundred thousand dollars total in tax credits shall be granted  
20 for state-certified higher education musical or theatrical infrastructure projects that  
21 receive initial certification on or after July 1, 2015, ~~and on or before January 1, 2018~~.  
22 Twenty-five percent of the total base investment provided for in the initial  
23 certification letter of a state-certified higher education musical or theatrical  
24 infrastructure project must be expended on or before January 1, 2020, in order for the  
25 project to earn credits for the remaining estimated base investment provided for in  
26 the initial certification letter, as expenditures are made in the state on or before  
27 January 1, 2022. No credits shall be certified until the state-certified higher  
28 education musical or theatrical infrastructure project is complete. The initial  
29 certification letter shall be effective for qualified expenditures made no more than

1 six months prior to the date of application. State-certified higher education musical  
2 or theatrical infrastructure projects shall not be subject to the provisions of Subitem  
3 (cc) of this Item nor shall such projects be subject to the provisions of Subsection H  
4 of this Section.

5 \* \* \*

6 (c)

7 \* \* \*

8 (ii) For state-certified musical or theatrical productions that receive an initial  
9 certification on or after July 1, 2015, ~~and on or before January 1, 2018~~, an additional  
10 tax credit of seventy-two thousandths of one percent of the amount expended to  
11 employ students enrolled in Louisiana colleges, universities, and vocational-  
12 technical schools in a state-certified musical or theatrical production in arts-related  
13 positions, such as an actor, writer, producer, stagehand, or director, or as a technician  
14 working on aspects of the production such as lighting, sound, and actual stage work,  
15 or working indirectly on the production in accounting, law, management, and  
16 marketing.

17 (d)

18 \* \* \*

19 (ii) To the extent that base investment is expended on payroll for Louisiana  
20 residents employed in connection with a state-certified musical or theatrical  
21 production that receives initial certification on or after July 1, 2015, ~~and on or before~~  
22 ~~January 1, 2018~~, except for the students provided for in Subparagraph (c) of this  
23 Paragraph, or the construction of a state-certified musical or theatrical facility  
24 infrastructure project, a company shall be allowed an additional tax credit of seven  
25 and two-tenths of one percent of such payroll; however, if the amount paid to any  
26 one person exceeds one million dollars, the additional credit shall not include any  
27 amount paid to that person that exceeds one million dollars.

28 \* \* \*

1 Section 2. Sections 4, 5, and 6 of Act No. 125 of the 2015 Regular Session of the  
2 Legislature are hereby repealed in their entirety.

3 Section 3. Sections 7 and 8 of Act No. 125 of the 2015 Regular Session of the  
4 Legislature are hereby amended and reenacted as follows:

5 \* \* \*

6 Section 7.(A) Except as provided for in Subsection (B) of this Section, the  
7 provisions of Sections 1, 2, and 3 of this Act shall apply to a claim for a credit on any  
8 return filed on or after July 1, 2015, ~~but before June 30, 2018~~, regardless of the  
9 taxable year to which the return relates.

10 (B) The provisions of Sections 1, 2, and 3 of this Act shall not apply to an  
11 amended return filed on or after July 1, 2015, ~~but before June 30, 2018~~, relating to  
12 a credit properly claimed on an original return filed prior to July 1, 2015.

13 (C) If a return is filed after July 1, 2015, ~~but before June 30, 2018~~, for which  
14 a valid filing extension has been allowed prior to July 1, 2015, then any portion of  
15 the credit reduced by the provisions of Sections 1, 2, or 3 of this Act shall be allowed  
16 as a credit in the amount of one-third of the reduced portion of the credit on the  
17 taxpayer's return for each of the taxable years beginning during calendar years 2017,  
18 2018, and 2019.

19 Section 8. The provisions of Sections 1, 2, and 3 of this Act shall become  
20 effective on July 1, 2015 ~~and shall remain effective through June 30, 2018~~. ~~The~~  
21 ~~provisions of Sections 4, 5, and 6 of this Act shall become effective on July 1, 2018~~  
22 ~~and shall apply to original returns filed on or after July 1, 2018.~~

23 Section 4. This Act shall become effective upon signature by the governor or, if not  
24 signed by the governor, upon expiration of the time for bills to become law without signature  
25 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
26 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
27 effective on the day following such approval.

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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 24 Original

2016 First Extraordinary Session

Jackson

**Abstract:** Repeals three-year sunset of 28% reductions made to tax credits in Act No. 125 of the 2015 R.S.

Present law sunsets on June 30, 2018, the 28% reductions made in Act No. 125 of the 2015 R.S. to the following tax credits:

- (1) R.S. 25:1226.4 Atchafalaya Trace Heritage Area Development Zone tax credit
- (2) R.S. 47:34 Corporation tax credit
- (3) R.S. 47:35 Neighborhood assistance tax credit
- (4) R.S. 47:37 Credit for contributions to educational institutions
- (5) R.S. 47:227 Offset against tax; insurance premium
- (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. 47:297.6 Credit for rehabilitation of residential structures
- (17) R.S. 47:297.9 Certain military servicemembers and dependents hunting and fishing licenses
- (18) R.S. 47:6004 Employer Credit
- (19) R.S. 47:6005 Qualified new recycling manufacturing equipment and service contracts
- (20) R.S. 47:6008 Credit for donations to assist playgrounds in economically depressed areas

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

Proposed law repeals the three-year sunset on the 28% reductions to tax credits in Act No. 125 of the 2015 R.S. making the 28% reductions permanent.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:227 and 6034(C)(1)(a)(ii)(bb)(II), (c)(ii), and (d)(ii), and §§7 and 8 of Act No. 125 of the 2015 R.S.; Repeals §§4, 5, and 6 of Act No. 125 of the 2015 R.S.)