

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 Act
3 No. 125 of the 2015 Regular Session of the Legislature, relative to Sections 7 and 8
4 of Act No. 125 of the Regular Session of the Legislature; to extend the sunset of
5 reductions to tax credits in Act No. 125 of the 2015 Regular Session of the
6 Legislature; to provide for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

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

10 §227. Offset against tax

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

16 * * *

17 §6034. Musical and theatrical production income tax credit

18 * * *

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

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

3 (a)
4 * * *

5 (ii)
6 * * *

7 (bb)
8 * * *

9 (II) For state-certified higher education musical or theatrical infrastructure
10 projects that receive initial certification on or after July 1, 2015, ~~and on or before~~
11 ~~January 1, 2018~~, a base investment credit may be earned for expenditures made in
12 the state on or before January 1, 2022, for the construction, repair, or renovation of
13 a new state-certified higher education musical or theatrical facility infrastructure
14 project, or for investments made by a company or a financier in such infrastructure
15 project that are, in turn, expended for such construction, repair, or renovation. No
16 more than seven million two hundred thousand dollars in tax credits per project or
17 forty-three million two hundred thousand dollars total in tax credits shall be granted
18 for state-certified higher education musical or theatrical infrastructure projects that
19 receive initial certification on or after July 1, 2015, ~~and on or before January 1, 2018~~.
20 Twenty-five percent of the total base investment provided for in the initial
21 certification letter of a state-certified higher education musical or theatrical
22 infrastructure project must be expended on or before January 1, 2020, in order for the
23 project to earn credits for the remaining estimated base investment provided for in
24 the initial certification letter, as expenditures are made in the state on or before
25 January 1, 2022. No credits shall be certified until the state-certified higher
26 education musical or theatrical infrastructure project is complete. The initial
27 certification letter shall be effective for qualified expenditures made no more than
28 six months prior to the date of application. State-certified higher education musical
29 or theatrical infrastructure projects shall not be subject to the provisions of Subitem

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

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

3 * * *

4 (c)

5 * * *

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

15 (d)

16 * * *

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

26 * * *

27 Section 2. Sections 7 and 8 of Act No. 125 of the 2015 Regular Session of the
28 Legislature are hereby amended and reenacted as follows:

29 * * *

1 Section 7.(A) Except as provided for in Subsection (B) of this Section, the
2 provisions of Sections 1, 2, and 3 of this Act shall apply to a claim for a credit on any
3 return filed on or after July 1, 2015, ~~but before June 30, 2018,~~ through the
4 termination date in the Act that originated as House Bill No. 62 of the 2016 First
5 Extraordinary Session of the Legislature regardless of the taxable year to which the
6 return relates.

7 (B) The provisions of Sections 1, 2, and 3 of this Act shall not apply to an
8 amended return filed on or after July 1, 2015, ~~but before June 30, 2018,~~ through the
9 termination date in the Act that originated as House Bill No. 62 of the 2016 First
10 Extraordinary Session of the Legislature relating to a credit properly claimed on an
11 original return filed prior to July 1, 2015.

12 (C) If a return is filed after July 1, 2015, ~~but before June 30, 2018,~~ through
13 the termination date in the Act that originated as House Bill No. 62 of the 2016 First
14 Extraordinary Session of the Legislature for which a valid filing extension has been
15 allowed prior to July 1, 2015, then any portion of the credit reduced by the
16 provisions of Sections 1, 2, or 3 of this Act shall be allowed as a credit in the amount
17 of one-third of the reduced portion of the credit on the taxpayer's return for each of
18 the taxable years beginning during calendar years 2017, 2018, and 2019.

19 Section 8.(A) 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. In the event the Act~~
23 ~~that originated as House Bill No. 62 of the 2016 First Extraordinary Session of the~~
24 Legislature is enacted and becomes effective, the provisions of Sections 1, 2, and 3
25 of this Act shall remain in effect through the termination date in the Act that
26 originated as House Bill No. 62 of the 2016 First Extraordinary Session of the
27 Legislature.

1 (B) The provisions of Sections 4, 5, and 6 of this Act shall become effective
 2 upon the termination date of Sections 1, 2, and 3 of this Act, as provided in this
 3 Section.

4 Section 3. This Act shall take effect only if and when the Act which originated as
 5 House Bill No. 62 of this 2016 First Extraordinary Session of the Legislature becomes
 6 effective.

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)]

HB 24 Reengrossed

2016 First Extraordinary Session

Jackson

Abstract: Extends the reductions made to tax credits in Act No. 125 of the 2015 R.S. for a certain period of time.

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 extends the modifications in present law through the sunset date of the provisions of the Act that originated as House Bill No. 62 of the 2016 First Extraordinary Session of the Legislature of Louisiana, if House Bill No. 62 becomes effective.

Effective only if and when the Act that originated as House Bill No. 62 of this 2016 First Extraordinary Session of the Legislature becomes effective.

(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.)

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Delete the provisions of proposed law that repealed the sunset provisions of Act No. 126 of 2015 R.S.
2. Extend the modifications made in Act No. 126 of 2015 R.S. if the Act that originated as House Bill No. 62 of the 2016 First Extraordinary Session of the Legislature of Louisiana becomes effective.