
DIGEST

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HB 950 Engrossed

2016 Regular Session

Foil

Abstract: Authorizes a state rebate for companies which receive a federal Small Business Innovation Research Grant that is payable from current state tax collections.

Present law authorizes a nonrefundable income or corporation franchise tax credit for a taxpayer who receives a federal Small Business Innovation Research Grant as created and provided for by federal law. The amount of the credit is equal to 40% of the award received during the tax year.

Proposed law retains present law.

Proposed law authorizes a rebate for companies which receive a federal Small Business Innovation Research Grant as created and provided for in federal law. The amount of the rebate is equal to 30% of the award received during the tax year. Proposed law caps the amount of rebates issued at \$5 million per calendar year.

Proposed law requires qualifying entities to submit an application to DED by Dec. 31st of the year following the calendar year in which the entity qualified for the incentive rebate and to remit the application fee as required in present law. Further provides for information required to be submitted with the application including the applicant's federal income tax return and supporting documentation that shows the amount of the federal research credit for the same taxable year.

Proposed law requires the incentive rebates to be paid from the current collections of the taxes imposed by present law.

Proposed law requires DED to approve rebates on a first-come, first-served basis until the maximum amount of rebates have been issued. Rebate requests received on the same business day shall be treated as received at the same time, and if the aggregate amount of rebate requests received on a single business day exceeds the total amount of available rebates, rebates shall be approved on a pro rata basis. Rebates applied for in any particular year in excess of the amount of rebates authorized for that year shall be treated as having been applied for on the first day of the subsequent year and shall be paid as a priority against the next year's maximum amount of authorized rebates.

Proposed law requires DED to administer the provisions of proposed law including to monitor the implementation and operation of proposed law, conduct a continuing evaluation of the program, assist any company in obtaining the benefits of any incentive or inducement program, and to receive information from the Dept. of Revenue regarding the company, its direct and indirect owners, and the amount of any incentive rebates claimed.

Proposed law prohibits an entity from receiving any other incentive administered by DED for any expenditure for which the entity receives a rebate pursuant to proposed law.

Applicable for all taxable years beginning on and after Jan. 1, 2016.

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

(Adds R.S. 47:6361)

Summary of Amendments Adopted by House

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

1. Delete the rebate for 30% of the La. qualified research expenses for the taxable year for companies that employ 50 or less employees in the state which also claim a federal income tax credit for increasing research activities.
2. Delete the definition of "qualified research expenses" and "qualified research" from proposed law.
3. Add provision that applicants applying for the rebate shall remit the application fee provided for in present law.
4. Delete the exclusion provided for in proposed law for professional service firms and businesses primarily engaged in custom manufacturing and custom fabricating that do not have a pending or issued U. S. patent directly related to the qualified research expenditures from participating in this rebate program.
5. Add provisions for the recovery of rebates that are later disallowed and authorizes the collection of interest on recovered rebates at the rate of three percentage points above the rate provided for in present law.