

2020 Second Extraordinary Session

HOUSE BILL NO. 37

BY REPRESENTATIVES BEAULLIEU AND CHARLES OWEN

TAX CREDITS: Authorizes an income tax credit for certain businesses whose operations were interrupted as a result of the COVID-19 pandemic (Items #26 and 65)

1 AN ACT

2 To enact R.S. 47:6041, relative to income tax credits; to authorize an income tax credit for
3 certain businesses; to provide for the amount of the credit; to provide for
4 requirements and limitations; to authorize the carryforward of unused amounts of the
5 credit; to provide for the claiming of credits; to provide for applicability; to provide
6 for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6041 is hereby enacted to read as follows:

9 §6041. Tax credits for restaurants and bars affected by the COVID-19 pandemic;
10 2020 tax year

11 A. There shall be allowed a one-time credit against Louisiana income tax for
12 the amount of annual state license or permit fees imposed by the commissioner of
13 alcohol and tobacco control and paid by the owners or operators of restaurant
14 establishments and establishments licensed to sell or serve alcoholic beverages for
15 consumption on their premises by paying customers. In order for a taxpayer to be
16 eligible for the credit authorized in this Section, the income derived from sales made
17 by the taxpayer's business in 2020 must be less than the income derived from sales
18 made by the taxpayer's business in 2019 as a result of the operations of the business
19 being interrupted by the COVID-19 pandemic. The secretary of the Department of
20 Revenue may require a taxpayer to provide documentation evidencing this fact when

1 claiming the credit. The taxpayer authorized to claim the credit provided for in this
2 Section shall be the taxpayer who paid the license or permit fees.

3 B. The amount of the credit shall equal the amount of the annual state license
4 or permit fee for calendar year 2020. The provisions of this Section shall also apply
5 to the renewal of annual state licenses or permits imposed by the commissioner of
6 alcohol and tobacco control for calendar year 2020. If a license or permit is issued
7 on a two-year basis, the amount of the credit authorized pursuant to the provisions
8 of this Section shall be the equivalent of one-half of the total license or permit fee
9 if any part of the license or permit authorized the business to be operational during
10 calendar year 2020.

11 C. Unused amounts of the tax credit may be carried forward as a tax credit
12 against subsequent Louisiana income tax liability for a period not to exceed three
13 years.

14 D. Credits may be claimed in accordance with the following:

15 (1) Any entity taxed as a corporation for Louisiana income tax purposes shall
16 claim any credit authorized according to the provisions of this Section on its
17 corporation income and franchise tax return.

18 (2) Any individual, estate, or trust shall claim any credit authorized
19 according to the provisions of this Section on its income tax return.

20 (3) Any entity not taxed as a corporation shall claim any credit authorized
21 according to the provisions of this Section on the returns of the partners or members
22 as follows:

23 (a) Corporate partners or members shall claim their share of the credit on
24 their corporation income tax or franchise tax returns.

25 (b) Individual partners or members shall claim their share of the credit on
26 their individual income tax or franchise tax returns.

27 (c) Partners or members that are estates or trusts shall claim their share of the
28 credit on their fiduciary income tax returns.

1 Section 2. The provisions of this Act shall be applicable to income taxable periods
2 beginning on or after January 1, 2020.

3 Section 3. This Act shall become effective upon signature by the governor or, if not
4 signed by the governor, upon expiration of the time for bills to become law without signature
5 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
6 vetoed by the governor and subsequently approved by the legislature, this Act shall become
7 effective on the day following such approval.

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 37 Engrossed

2020 Second Extraordinary Session

Beaulieu

Abstract: Authorizes a one-time income tax credit for the amount of annual state license or permit fees imposed by the commissioner of alcohol and tobacco control paid by the owners of restaurants and bars whose sales for calendar year 2020 were affected by the COVID-19 pandemic.

Proposed law authorizes a one-time income tax credit for the amount of annual state license or permit fees imposed by the commissioner of alcohol and tobacco control and paid by the owners or operators of restaurant establishments and establishments licensed to sell or serve alcoholic beverages for consumption on their premises by paying customers.

Proposed law provides that in order for a taxpayer to be eligible for the credit, the income derived from sales made by the taxpayer's business in 2020 must be less than the income derived from sales made by the taxpayer's business in 2019 as a result of the operations of the business being interrupted by the COVID-19 pandemic. Further authorizes the secretary of the Dept. of Revenue to require a taxpayer to provide documentation evidencing this fact when claiming the credit.

Proposed law provides that the amount of the credit shall equal the amount of the annual state license or permit fee for calendar year 2020. The renewal of annual state licenses or permits for calendar year 2020 shall also be eligible for the tax credit. If a license or permit is issued on a two-year basis, the amount of the credit shall be the equivalent of one-half of the total license or permit fee if any part of the license or permit authorized the business to be operational during calendar year 2020.

Proposed law provides that unused amounts of the tax credit may be carried forward as a tax credit against subsequent La. income tax liability for a period not to exceed three years and provides for the claiming of the credit.

Proposed law is applicable to income taxable periods beginning on or after Jan. 1, 2020.

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

(Adds R.S. 47:6041)

Summary of Amendments Adopted by House

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

1. Add provisions relative to the claiming of the credit provided for in proposed law.
2. Decrease the number of years unused amounts of tax credits may be carried forward from five to three.
3. Add requirement that proposed law is applicable to income taxable periods beginning on or after Jan. 1, 2020.