

2015 Regular Session

HOUSE BILL NO. 713

BY REPRESENTATIVE TERRY LANDRY

TAX CREDITS: Reduces certain income and corporate franchise tax credits

1 AN ACT

2 To amend and reenact R.S. 47:287.748(B)(1), 287.749(B)(1), 287.752(B)(1)(introductory
3 paragraph), 287.753(C), 287.755(C), 287.758(B), 6104(A), 6105, and 6106(A),
4 relative to income and corporate franchise tax credits; to reduce the amount of tax
5 credits; to provide for an effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:287.748(B)(1), 287.749(B), 287.752(B)(1)(introductory
8 paragraph), 287.753(C), 287.755(C), 287.758(B), 6104(A), 6105, and 6106(A), are hereby
9 amended and reenacted to read as follows:

10 §287.748. Corporation tax credit; re-entrant jobs credit

11 * * *

12 B.(1) The credit shall be ~~one hundred fifty~~ one hundred twenty dollars per
13 eligible re-entrant employed, as defined in Subsection C hereof, but shall not exceed
14 ~~fifty~~ forty percent of corporate income tax.

15 * * *

16 §287.749. Jobs credit

17 * * *

18 B.(1) The credit shall be a portion of the state corporate income tax, but shall
19 not exceed ~~fifty~~ forty percent of such tax. Such portion shall be an amount
20 determined as follows:

1 (a) ~~One hundred~~ Eighty dollars per eligible new employee per taxable year.

2 (b) ~~Two hundred~~ One hundred sixty dollars per eligible new economically
3 disadvantaged employee per taxable year.

4 (c) ~~Two hundred twenty-five~~ One hundred eighty dollars per new employee
5 who is a resident of a neighborhood with an unemployment rate of ten percent or
6 more per taxable year.

7 * * *

8 §287.752. Tax credit for employment of first-time nonviolent offenders

9 * * *

10 B.(1) The credit shall be ~~two hundred~~ one hundred sixty dollars per taxable
11 year per eligible employee.

12 * * *

13 §287.753. Neighborhood assistance tax credit

14 * * *

15 C. The division of administration or its successor shall grant a tax credit
16 against the state corporation income tax as provided in this Section. A tax credit of
17 up to ~~seventy~~ fifty-six percent of the actual amount contributed may be allowed for
18 investment in programs approved by the commissioner of administration or his
19 successor. Such credit for any corporation shall not exceed ~~two hundred fifty two~~
20 hundred thousand dollars annually. No tax credit shall be granted to any bank, bank
21 and trust company, insurance company, trust company, national bank, savings
22 association, or building and loan association for activities that are a part of its normal
23 course of business. Any tax credit not used in the period the investment was made
24 may be carried over for the next five succeeding taxable periods until the full credit
25 has been allowed.

26 * * *

1 §287.755. Tax credit for contributions to educational institutions

2 * * *

3 C. There shall be allowed a credit against the tax liability due under the
4 income tax for donations, contributions, or sales below cost of tangible movable
5 property made to educational institutions in the state of Louisiana. The credit
6 allowed by this Section shall be computed at the rate of ~~forty~~ thirty-two percent of
7 such property's value, as defined herein, or, in the case of a sale below cost, ~~forty~~
8 thirty-two percent of the difference between the price received for the tangible
9 movable property by the taxpayer and the value of the property as defined herein.
10 The credit shall be limited to the total of the tax liability for the taxable year for
11 which it is being claimed and shall be in lieu of the deductions from gross income
12 provided for in R.S. 47:57. The credit shall not be allowed if the taxpayer arbitrarily,
13 capriciously, or unreasonably discriminates against any person because of race,
14 religion, ideas, beliefs, or affiliations.

15 * * *

16 §287.758. Tax credit for bone marrow donor expense

17 * * *

18 B. A credit against the taxes otherwise due under this Part for the tax year
19 is allowed to an employer. The amount of the credit is equal to ~~twenty-five~~ twenty
20 percent of the bone marrow donor expense paid or incurred during the tax year by
21 an employer to provide a program for employees who are potential or who actually
22 become bone marrow donors.

23 * * *

24 §6104. Child care expense tax credit

25 A. There shall be a credit against Louisiana individual income tax for child
26 care expenses in addition to the credit provided for such expenses in R.S. 47:297.4.
27 Such credit shall be based upon the credit provided for such expenses in R.S.
28 47:297.4 and shall be based upon the quality rating of the child care facility which
29 the child attends as follows:

1	Quality Rating of Child Care	Percentage of the credit in
2	Facility	R.S. 47:297.4
3	Five star	200% <u>160%</u>
4	Four star	150% <u>120%</u>
5	Three star	100% <u>80%</u>
6	Two star	50% <u>40%</u>
7	One star or nonparticipating	
8	child care facility	0
9		* * *

10 §6105. Child care provider tax credit

11 There shall be a credit against any Louisiana individual or corporation
 12 income tax or corporation franchise tax for a child care provider refundable as
 13 provided for in R.S. 47:6108. The tax credit shall be an amount based upon the
 14 average monthly number of children who either participate in the Child Care
 15 Assistance Program administered by the office of children and family services in the
 16 Department of Children and Family Services or who are foster children in the
 17 custody of the Department of Children and Family Services, and who are attending
 18 a child care facility or facilities operated by the child care provider, multiplied by an
 19 amount which shall be based upon the quality rating of each child care facility
 20 operated by the child care provider as follows:

21	Quality Rating of Child Care	Tax Credit Per
22	Facility	Eligible Child Attending
23	Five star	\$1,500 <u>\$1,200</u>
24	Four star	\$1,250 <u>\$1,000</u>
25	Three star	\$1,000 <u>\$800</u>
26	Two star	\$750 <u>\$600</u>
27	One star or nonparticipating facility	0

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

1 §6106. Credit for child care directors and staff

2 A. There shall be a credit against Louisiana individual income tax refundable
3 as provided for in R.S. 47:6108 for eligible child care directors and eligible child
4 care staff. The tax credit shall be for the following amounts and shall be based upon
5 the following qualifications, but shall be adjusted for inflation as provided for in
6 Subsection C of this Section:

Child Care Director and Child Care Staff Qualification	Tax Credit
Level Four Director or Level Four Staff	\$3,000 <u>\$2,400</u>
Level Three Director or Level Three Staff	\$2,500 <u>\$2,000</u>
Level Two Director or Level Two Staff	\$2,000 <u>\$1,600</u>
Level One Director or Level One Staff	\$1,500 <u>\$1,200</u>

13 * * *

14 Section 2. This Act shall become effective July 1, 2015.

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 713 Original

2015 Regular Session

Terry Landry

Abstract: Reduces the amount of certain income and corporate franchise tax credits by 20%.

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 \$120 per eligible re-entrant and decreases the maximum allowable credit from 50% of the corporate income tax to 40% 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 a portion of the state income tax not to exceed 50% and is determined by the number of new employees multiplied by varying amounts.

Proposed law retains present law but decreases from 50% to 40% the portion of the state corporate income tax that the credit shall not exceed and the eligible amount per employee as follows:

- (1) From \$100 to \$80 per eligible new employee per taxable year.
- (2) From \$200 to \$160 per eligible new economically disadvantaged employee per taxable year.
- (3) From \$250 to \$180 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 one hundred eighty 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 \$160 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 56% and decreases the maximum tax credit amount from \$250,000 to \$200,000.

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 32% 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 20%.

Present law (R.S. 47:6104) provides for an individual income tax credit for child care expenses based on the quality rating of the child care facility which the child attends. The amount of the credit is a percentage of a credit provided for in present law and varies depending on the quality rating of the child care facility.

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

- (1) From 200% to 160% for 5 star facilities.
- (2) From 150% to 120% for 4 star facilities.
- (3) From 100% to 80% for 3 star facilities.
- (4) From 50% to 40% for 2 star facilities.

Present law (R.S. 47:6105) provides for a refundable income or corporation franchise tax credit for child care providers. The amount of the credit is equal to an amount based upon the average monthly number of children who either participate in the Child Care Assistance Program or who are foster children and who are attending a child care facility operated by the child care provider, multiplied by an amount that is based upon the quality rating of each child care facility operated by the child care.

Proposed law retains present law but reduces the credits as follows:

- (1) From \$1,500 per eligible child to \$1,200 for 5 star facilities.
- (2) From \$1,250 per eligible child to \$1,000 for 4 star facilities.
- (3) From \$1,000 per eligible child to \$800 for 3 star facilities.
- (4) From \$750 per eligible child to \$600 for 2 star facilities.

Present law (R.S. 47:6106) provides for a refundable individual income tax credit for eligible child care directors and eligible child care staff. The amount of the credit varies based upon the qualifications of the provider.

Proposed law retains present law but reduces the credits as follows:

- (1) From \$3,000 to \$2,400 for Level 4 Director or Staff.
- (2) From \$2,500 to \$2,000 for Level 3 Director or Staff.
- (3) From \$2,000 to \$1,600 for Level 2 Director or Staff.
- (4) From \$1,500 to \$1,200 for Level 1 Director or Staff.

Effective July 1, 2015.

(Amends R.S. 47:287.748(B)(1), 287.749(B)(1), 287.752(B)(1)(introductory paragraph), 287.753(C), 287.755(C), 287.758(B), 6104(A), 6105, and 6106(A))