
DIGEST

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HB 723 Original

2015 Regular Session

Burrell

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

Present law (R.S. 47:287.759) provides for an income tax credit against the income tax for the period in which the credit was earned for certain contractors or subcontractors who contract to do public work. Present law allows a credit of 5% on 40% of the amount of the contract to do public work if the contractor or subcontractor offers 85% of their full-time employees health insurance coverage and pays 75% of the total premium for the health insurance coverage for each employee and not less than 50% for each dependent. Further limits the amount of the credit to not more than \$3M per year.

Proposed law retains present law but reduces the amount of the credit allowed from 5% to 4% and reduces the maximum credit amount from \$3M to \$2.4M.

Present law (R.S. 47:297(A)) provides for a tax credit of \$100 for any taxpayer when the taxpayer, taxpayer's spouse, or dependent is deaf, blind, mentally incapacitated, or has lost the use of one or more limbs.

Proposed law retains present law but reduces the amount of the credit from \$100 to \$80.

Present law (R.S. 47:297(B)) provides for a tax credit for the elderly, contributions to candidates for public office, investment credits, credits for foreign tax, work incentive credits, jobs credits, and residential credits. The amount of the credit is the lesser of \$25 or 10% of the same credit allowed on the federal income tax return for the same tax year.

Proposed law retains present law but reduces the amount of the credit from the lesser of \$25 or 10% of the credit allowed on the federal return to the lesser of \$20 or 8% of the credit allowed on the federal return.

Present law (R.S. 47:297(C)) provides for an income tax credit for individuals in an amount equal to the state gasoline and motor fuels tax and special fuels taxes paid to operate or propel a commercial fishing boat.

Proposed law retains present law but reduces the amount of the credit from 100% of the amount of the gasoline, motor fuels, and special fuels taxes to 80%.

Present law (R.S. 47:297(D)) provides a \$25 income tax credit per child for individual taxpayers for educational expenses.

Proposed law retains present law but reduces the amount of the credit from \$25 to \$20.

Present law (R.S. 47:297(F)) provides an income tax credit for individual taxpayers in an amount equal to 33.3% of the amount contributed to a family responsibility program under the provisions of present law. Further limits the credit to \$200 per year.

Proposed law retains present law but reduces the amount of the credit from 33.3% to 27% of the contribution and reduces the maximum credit from \$200 to \$160.

Present law (R.S. 47:297(G)) provides for an income tax credit for taxpayers who purchase certain environmental equipment designed to recover or recycle chloroflourocarbons used as refrigerants in commercial, home, and automobile air-conditioning systems, refrigeration units, and industrial cooling applications. The credit allowed is 20% of the purchase price of the equipment, or if the equipment is financed, 20% of the original purchase price paid in that tax year.

Proposed law retains present law but reduces the amounts of the credit from 20% of the purchase price to 16%.

Present law (R.S. 47:297(H)) provides for an income tax credit for certain medical doctors and dentist who practice in designated rural areas. The credit allowed is \$5,000 per taxable year up to a maximum of 5 years for each taxpayer meeting the criteria.

Proposed law retains present law but reduces the amount of the credit from \$5,000 to \$4,000 per taxable year.

Present law (R.S. 47:297(I)) 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. 47:297(J)) provides an income tax credit for individual taxpayers for certain educational expenses associated with attending college. The amount of the credit is equal to the least of the tax due, or 100% of the educational expenses, or \$750.

Proposed law retains present law but reduces the amount of the credit from the least of the tax due, 100% of the education expenses, or \$750 to the least of the tax due, 80% of the education expenses, or \$600.

Present law (R.S. 47:297(L)) provides an income tax credit for qualified taxpayers for the purchase of a bulletproof vest. Requires the qualified taxpayer to be a member of certain law enforcement. The amount of the credit is the lesser of the full purchase price including applicable taxes paid by the taxpayer or \$100.

Proposed law retains present law but reduces the amount of the credit from the lesser of the full

purchase price including applicable taxes or \$100 to 80% of the full purchase price including applicable taxes or \$80.

Present law (R.S. 47:297(M)) provides for an income tax credit against individual income tax for amounts paid as premiums for eligible long-term care insurance. The amount of the credit is equal to 10% of the total amount of premiums paid annually.

Proposed law retains present law but reduces the amount of the credit from 10% of the total amount of premiums to 8%.

Present law (R.S. 47:297(N)) provides for an income tax credit against individual income tax equal to certain amounts incurred by a taxpayer for the taxpayer's expenses because of a living organ donation by the taxpayer or taxpayer's spouse. The maximum amount of the credit allowed is \$10,000.

Proposed law retains present law but reduces the maximum amount of the credit from \$10,000 to \$8,000.

Present law (R.S. 47:297(P)) provides for an income tax credit against individual income tax for inclusion of certain accessible and barrier-free design elements in the construction of a new one- or two- family dwelling. The amount of the credit is the lesser of \$1,000 or the total tax liability of the taxpayer.

Proposed law retains present law but reduces the amount of the credit from the lesser of \$1,000 or the total tax liability of the taxpayer to \$800 or 80% of the total tax liability of the taxpayer.

Present law (R.S. 47:297.2) provides for an income tax credit for persons who maintain a household that includes one or more dependents who are physically or mentally incapable of caring for themselves. The amount of the credit is equal to the applicable percentage of employment-related expenses allowable pursuant to Section 21 of the IRC.

Proposed law retains present law but reduces the amount of the credit from 100% of the applicable percentage of the allowable employment-related expenses to 80% of the applicable percentage of the allowable employment-related expenses.

Present law (R.S. 47:297.4) provides for an income tax credit for individual taxpayers for certain child care expenses for which the individual is eligible for a federal income tax credit for the same year. The credit is allowed at varying amounts.

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

- (1) For taxpayers whose federal adjusted gross income is equal to or less than \$25,000, from 50% to 40% of the unreduced federal credit.
- (2) For taxpayers whose federal adjusted gross income is greater than \$25,000, but less than or

equal to \$35,000, from 30% to 24% of the federal credit allowed.

- (3) For taxpayers whose federal adjusted gross income is greater than \$35,000, but less than \$60,000, from 10% to 8% of the federal credit allowed.
- (4) For taxpayers whose federal adjusted gross income is greater than \$60,000, from the lesser of \$25 or 10% to the lesser of \$20 or 8% of the federal credit allowed.

Present law (R.S. 47:297.6) provides for an income tax credit for individual income tax for the amount of eligible costs and expenses incurred during the rehabilitation of an owner-occupied residential or owner-occupied mixed use structure located in certain specific locations. The amount of the credit is equal to of 25% of the eligible costs and expenses of a rehabilitation. The maximum credit allowed is \$25,000. Present law further authorizes a credit of 50% of the eligible costs and expenses of a rehabilitation of a vacant and blighted owner-occupied residential structure that is at least 50 years old. Present law provides an annual program cap of \$10M.

Proposed law retains present law but reduces the credit amount from 25% to 20% of eligible costs and expenses and reduces the credit amount from 50% to 40% of eligible costs and expenses for the rehabilitation of the qualified vacant and blighted residential structures. Further reduces the maximum credit allowed from \$25,000 to \$20,000 and reduces the program cap from \$10M to \$8M.

Present law (R.S. 47:6107) provides for a refundable income tax or corporation franchise tax credit for eligible business child care expenses supported by a business. The amount of the credit shall be based on a percentage of eligible business child care expenses depending upon the quality rating of the child care facility to which the expenses are related or the quality rating of the child care facility the child attends. Present law provides for an additional refundable income or corporation franchise tax for the payment by a business of fees and grants to child care resource and referral agencies not to exceed \$5,000 per tax year.

Proposed law retains present law but reduces the maximum amount of the additional refundable income or corporation franchise tax from \$5,000 to \$4,000. Further reduces the amount of the credit as follows:

- (1) From 20% of eligible business child care expenses to 16% for 5 star facilities.
- (2) From 15% of eligible business child care expenses to 12% for 4 star facilities.
- (3) From 10% of eligible business child care expenses to 8% for 3 star facilities.
- (4) From 5% of eligible business child care expenses to 4% for 2 star facilities.

Present law (R.S. 51:1787) provides for a refundable investment income tax credit for state income or corporate franchise tax liability for qualified expenditures made by a taxpayer in the economic development of qualified enterprise zones. The amount of the credit is 1.5% of the amount of the qualified expenditure. An additional credit of \$2,500 is allowed for each net new employee. A

\$5,000 credit for each new job created is allowed for certain specific industries in lieu of this \$2,500 credit.

Proposed law retains present law but reduces the amount of the credit for qualified expenditures from 1.5% to 1.2% and reduces the amount of the additional credit for each net new employee from \$2,500 to \$2,000. Further reduces the additional credits for specific industries from \$5,000 for each new job created to \$4,000.

Present law (R.S. 51:1807) provides for an income or franchise tax credit for businesses located in an urban revitalization zone. The credit is equal to \$5,000 per net new employee. The credit received pursuant to present law is in lieu of any incentive received under the Enterprise Zone Program.

Proposed law retains present law but reduces the amount of the credit from \$5,000 per net new employee to \$4,000.

Effective July 1, 2015.

(Amends R.S. 287.759(A) and (C)(3), 297(A), (B), (C)(1), (D)(2), (F), (G)(2), (H)(1), (I)(2), (J)(4), (K)(2)(a)(intro. para.), (L)(3)(intro. para.), (M)(1), (N)(1)(intro. para.) and (2), and (P)(2), 297.2, 297.4(A)(1)(a)(ii), (2), (3), and (4), 297.6(A)(1) and (5), and 6107(A) and R.S. 51:1787(A)(1)(b) and (2) and 1807(C); Adds 47:297.4(A)(1)(a)(iii))