

2017 Regular Session

SENATE BILL NO. 48

BY SENATOR MORRELL

TAX/TAXATION. Provides for the termination of the credit for purchase of qualified recycling equipment or service contracts. (gov sig)

1 AN ACT  
2 To amend and reenact R.S. 47:6005(C)(1), (D)(1), and (G) and to repeal R.S. 47:6005(C)(1)  
3 and (D)(1) as amended by Section 5 of Act No. 125 of the 2015 Regular Session of  
4 the Legislature as amended by Section 8 of Act No. 29 of the 2016 First  
5 Extraordinary Session of the Legislature, relative to tax credits; to provide for the  
6 termination of the tax credit for qualified new recycling manufacturing or process  
7 equipment and service contracts; to provide for an effective date; and to provide for  
8 related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:6005(C)(1), (D)(1), and (G) are hereby amended and reenacted  
11 to read as follows:

12 §6005. Qualified new recycling manufacturing or process equipment and/or service  
13 contracts

14 \* \* \*

15 C.(1) A taxpayer who purchases qualified new recycling manufacturing or  
16 process equipment or qualified service contracts, or both, as defined in this Section  
17 and certified by the secretary of the Department of Environmental Quality to be used

1 or performed exclusively in this state **before January 1, 2020**, shall be entitled to  
 2 a credit against any income and corporation franchise taxes imposed by the state in  
 3 an amount equal to fourteen and four-tenths of one percent of the cost of the new  
 4 recycling manufacturing or process equipment or qualified service contract, or both,  
 5 less the amount of any other tax credits received for the purchase of such equipment  
 6 or contract, or both.

7 \* \* \*

8 D.(1) The amount of the credit claimed in the taxable period for which  
 9 certification of equipment is received, and the amount of credit claimed therefor in  
 10 each taxable period thereafter, shall not exceed twenty percent of the amount of the  
 11 total credit allowable. In no case shall the credit claimed exceed fifty percent of the  
 12 tax liability ~~which~~ **that** would be otherwise due for that taxable period. Any unused  
 13 credit for a taxable year in which a credit is allowed may be carried forward to  
 14 subsequent years until the credit is exhausted. Total credits certified by the secretary  
 15 of the Department of Environmental Quality in any calendar year shall not exceed  
 16 three million six hundred thousand dollars.

17 \* \* \*

18 ~~G. Commencing no later than January 31, 2016, the House Committee on~~  
 19 ~~Ways and Means and the Senate Committee on Revenue and Fiscal Affairs shall~~  
 20 ~~review the credit authorized pursuant to the provisions of this Section to determine~~  
 21 ~~if the economic benefit provided by such credit outweighs the loss of revenue~~  
 22 ~~realized by the state as a result of awarding such credit. The House and Senate~~  
 23 ~~committees shall make a specific recommendation no later than March 1, 2017, to~~  
 24 ~~either continue the credit or to terminate the credit~~ **After December 31, 2019, no**  
 25 **credits under this Section shall be earned or granted for purchases of recycling**  
 26 **manufacturing or process equipment, or for expenditures made under existing**  
 27 **service contracts, or for new contracts or contract renewals entered into after**  
 28 **December 31, 2019.**

29 Section 2. R.S. 47:6005(C)(1) and (D)(1) as amended by Section 5 of Act No. 125

1 of the 2015 Regular Session of the Legislature as amended by Section 8 of Act No. 29 of the  
2 2016 First Extraordinary Session of the Legislature are hereby repealed.

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.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Leonore Heavey.

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## DIGEST

SB 48 Original

2017 Regular Session

Morrell

Present law provides a tax credit against income and corporation franchise taxes imposed by the state on the purchase of qualified new recycling manufacturing or process equipment or qualified service contracts. Provides that this credit, which is effective through June 30, 2018, equals 14.4% and then equals 20% on July 1, 2018.

Proposed law retains the 14.4% credit through June 30, 2018, but removes the credit increase to 20%. Proposed law provides that in order to receive this credit, the purchase of qualified new recycling manufacturing or process equipment or qualified service contracts must occur on or before December 31, 2019, after which the credit is terminated.

Present law provides that the amount of the credit claimed in the taxable period for which certification of equipment is received, and the amount of credit claimed therefor in each taxable period thereafter, shall not exceed 20% of the amount of the total credit allowable and that in no case shall the credit claimed exceed 50% of the tax liability which would otherwise be due for that taxable period. Proposed law retains these provisions.

Present law limits the total credits certified by the secretary of the Department of Environmental Quality in any calendar year to \$3.6 million and authorizes that any unused credit may be carried forward to subsequent years until the credit is exhausted.

Present law is effective through June 30, 2018, and increases the annual limitation from \$3.6 million to \$5 million effective July 1, 2018. Proposed law removes the July 1, 2018, increase in the credit limitation and provides that the \$3.6 million limitation is effective until December 31, 2019.

Present law requires the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs to review the credit to determine if the economic benefit provided by the credit outweighs the loss of revenue realized by the state as a result of awarding the credit. Requires the House and Senate committees to make their recommendations no later than March 1, 2017, to either continue the credit or to terminate the credit. Proposed law replaces the review and reporting requirement with a provision that terminates the program on December 31, 2019.

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

(Amends R.S. 47:6005(C)(1), (D)(1), and (G); repeals R.S. 47:6005(C)(1) and (D)(1) as amended by Acts 2015, No. 125 §5 as amended by Acts 2016 1<sup>st</sup> E.S., No. 29 §8)