

2017 Regular Session

SENATE BILL NO. 178

BY SENATOR MORRELL

TAX/TAXATION. Establishes termination dates for certain tax credits and incentive programs administered by the Department of Economic Development. (gov sig)

1 AN ACT
2 To amend and reenact R.S. 47:6015(J) and 6036(G), and R.S. 51:2356, to enact R.S.
3 47:3204(M), 4305(C), 4331(G), 6020(G), 6022(M), 6023(J), and 6037(J), and R.S.
4 51:1807(F) and 2399.3(C), and to repeal Chapter 12 of Subtitle II of Title 47 of the
5 Louisiana Revised Statutes of 1950, comprised of R.S. 47:1121 through 1128, and
6 Section 3 of Act No. 414 of the 2011 Regular Session of the Legislature as amended
7 by Act No. 104 of the 2015 Regular Session of the Legislature, relative to tax credits
8 and tax incentive programs; to provide for termination dates for tax credit and
9 incentive programs administered by the Louisiana Department of Economic
10 Development; to repeal certain expired tax credits and exemptions; to provide for an
11 effective date; and to provide for related matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 47:6015(J) and 6036(G) are hereby amended and reenacted and R.S.
14 47:3204(M), 4305(C), 4331(G), 6020(G), 6022(M), 6023(J), and 6037(J) are hereby enacted
15 to read as follows:

16 §3204. Contracts of exemption; renegotiation; violations; lists; priority of
17 exemptions

1 * * *

2 **M. No contracts shall be entered into under this program on or after**
3 **July 1, 2021.**

4 * * *

5 §4305. Granting of contract

6 * * *

7 **C. No contracts shall be entered into under this program on or after**
8 **July 1, 2021.**

9 * * *

10 §4331. Corporate Tax Apportionment Program; definitions; eligibility requirements;
11 contract approval

12 * * *

13 **G. No contracts shall be entered into under this program on or after**
14 **July 1, 2017.**

15 * * *

16 §6015. Research and development tax credit

17 * * *

18 J. No credit shall be allowed pursuant to this Section for research
19 expenditures incurred or Small Business Innovation Research Grant funds received
20 **on or after ~~December 31, 2019~~ July 1, 2021.**

21 * * *

22 §6020. Angel Investor Tax Credit Program

23 * * *

24 **G. No credits shall be reserved under this program for reservation**
25 **applications received on or after July 1, 2021.**

26 * * *

27 §6022. Digital interactive media and software tax credit

28 * * *

29 **M. No credit shall be allowed pursuant to this Section for applications**

* * *

C. The Department of Economic Development shall not allocate any credits under this program on or after July 1, 2021.

Section 3. Chapter 12 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S. 47:1121 through 1128, and Section 3 of Act No. 414 of the 2011 Regular Session of the Legislature as amended by Act No. 104 of the 2015 Regular Session of the Legislature are hereby repealed.

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

The original instrument was prepared by Leonore F. Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by Thomas L. Tyler.

	DIGEST	
SB 178 Engrossed	2017 Regular Session	Morrell

Present law authorizes the State Board of Commerce and Industry to grant contracts of exemption whereby total state and local taxes may be reduced to the levels imposed by other states for new manufacturing establishments, new headquarters, or new warehousing and distribution establishments if the establishment is locating in Louisiana and was located in another state or contemplating locating in another state and the other state has a total state and local tax structure which offers a greater tax advantage to such industry than does the taxing structure of Louisiana.

Proposed law provides that no new contracts for exemption shall be entered into under this program on or after July 1, 2021.

Present law authorizes the State Board of Commerce and Industry to grant contracts of exemption for terms of up to five years with manufacturing establishments in order to encourage existing manufacturing industries to continue and expand their operations in the state.

Proposed law provides that no new contracts with manufacturing establishments shall be entered into under this program on or after July 1, 2021.

Present law authorizes the secretary of the Department of Economic Development to contract with an eligible corporation to allow the use of a single sales factor in determining their Louisiana corporation income and franchise tax.

Proposed law prohibits execution of any new contracts authorizing the use of the single sales factor on or after July 1, 2021.

Present law provides a tax credit for certain research and development expenses and prohibits issuance of credits for research expenditures incurred or Small Business Innovation Research Grant (SBIRG) funds received after December 31, 2019. Proposed law provides that no credit be allowed for expenditures or SBIRG funds received on or after July 1, 2021.

Present law provides for the angel investor tax credit program that authorizes tax credits for investments in a "Louisiana Entrepreneurial Business". Provides that the angel investor tax credit program sunsets on July 1, 2017. Proposed law extends the sunset date to July 1, 2021, and provides that no credits shall be reserved under the program for reservation applications on or after July 1, 2021.

Present law provides for the digital interactive media and software tax credit program that authorizes refundable tax credits for in-state labor and production expenses for the production of digital interactive media. Proposed law provides that no tax credit for digital interactive media expenses shall be allowed for applications received on or after July 1, 2021.

Present law provides for a sound recording investor tax credit for eligible production costs of state-certified productions. Proposed law provides that no sound recording investor tax credits shall be earned for applications received on or after July 1, 2017.

Present law provides for a Ports of Louisiana investor tax credit or import-export cargo tax credit. Provides that the Port of Louisiana tax credit program is effective until January 1, 2020, and that no credits be granted after that date. Proposed law provides that this tax credit program is effective until July 1, 2021, and that no investor tax credit or import-export cargo tax credit be granted on or after July 1, 2021.

Present law provides a tax credit for green job industries that will be funded once the state Department of Natural Resources receives certification from the U.S. Department of Energy.

Proposed law provides that no green job industries credit shall be allowed for applications received on or after July 1, 2017.

Present law provides a tax exemption from state income or franchise taxes for the employment of certain individuals in urban revitalization zones. Proposed law prohibits the execution of urban revitalization tax exemption contracts on or after July 1, 2017.

Present law authorizes a technology commercialization tax credit program for investments in commercialization costs for a qualified business location and that no credits shall be earned after December 31, 2017. Proposed law provides that no credits be earned after July 1, 2017,

Present law provides for a tax credit program for qualified retention and modernization expenditures. Proposed law prohibits the Department of Economic Development from allocating any credits under this program on or after July 1, 2021.

Present law provides for the Motion Picture Incentive Act that provides sales tax exemptions and income and franchise tax payroll credits to productions that received their state certification before December 31, 2005. Proposed law repeals the Motion Picture Incentive Act.

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

(Amends R.S. 47:6015(J) and 6036(G), and R.S. 51:2356; adds R.S. 47:3204(M), 4305(C), 4331(G), 6020(G), 6022(M), 6023(J), and 6037(J), and R.S. 51:1807(F) and 2399.3(C); repeals R.S. 47:1121-1128, and §3 of Acts 2011, No. 414 as amended by Acts 2015, No. 104)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Removes provisions that no musical and theatrical production income tax credits be allowed for applications received on or after July 1, 2021.
2. Extends from July 1, 2017, to July 1, 2021, the date after which the Department of Economic Development cannot allocate tax credits under the modernization tax credit program.
3. Removes provisions that repeal the Brownsfield Investor Tax Credit program.