HOUSE SUMMARY OF SENATE AMENDMENTS

HB 337 **2017 Regular Session** **Stokes**

TAX CREDITS: Provides for an individual income tax credit for improvements made to the residences of individuals with certain disabilities

Synopsis of Senate Amendments

1. Expands the eligibility requirements of the tax credit to include the taxpayer's spouse of dependent who may need accessible and barrier-free design elements in the taxpayers home.

2. Provides for a pro-rata division of the credit against individual income tax for co-owned dwellings.

3. Authorizes a taxpayer who has a family member with a disability that requires accessible and barrier-free design elements to the taxpayer's dwelling to claim the credit if the dwelling is the principal place of abode of the family member with the disability.

4. Authorizes a lessor to claim the credit for a dwelling if the inclusion of accessible and barrier-free design elements is required for a person with a physical disability who occupies and resides in any portion of the dwelling and has executed a contract of lease with the taxpayer.

5. Removes provisions that allowed for the total amount of tax credits granted per year to carry forward the entire amount of credits not granted in a calendar year.

6. Makes technical changes.

Digest of Bill as Finally Passed by Senate

Present law authorizes a credit against individual income tax for the owner of a newly constructed one- or two-family dwelling that includes certain accessible and barrier-free design elements. Eligibility is limited to individuals who own such a dwelling, claim the homestead exemption thereon, and the dwelling meets all of the design elements necessary for claiming the tax credit.

Present law further requires that the tax credit be taken in the taxable year in which the construction is completed. The credit is limited to the lesser of $720 or 72% of the taxpayer's total tax liability. Only one tax credit may be granted per dwelling.

Proposed law adds existing dwellings if the taxpayer, the taxpayer's spouse, or an individual who qualifies as a dependent of the taxpayer for purposes of determining the taxpayer's federal income tax liability and who resides with the taxpayer has a physical disability that requires, or will require, the inclusion of such accessible and barrier-free design elements in the dwelling.

Proposed law further provides that if the dwelling is co-owned in indivision by two or more taxpayers who qualify for and claim a homestead exemption on the dwelling, the credit allowed to each taxpayer shall be limited to the pro-rata ownership interest of the taxpayers.

Proposed law changes the amount of the credit from the lesser of $720 or 72% of the taxpayer's total tax liability to the lesser of $5,000 or the cost of the construction. Further authorizes excess, unused credit to be carried forward and applied to subsequent tax liability for five years.

Present law requires the dwelling to meet certain standards to be eligible for the tax credit.

Proposed law requires the renovation of an existing dwelling to meet any of the standards enumerated in present law to be eligible for the tax credit.

Proposed law provides that the taxpayer shall be allowed to claim the tax credit if any individual in the taxpayer's household has a physical disability that requires, or will require, the inclusion of accessible and barrier-free design elements in the dwelling, provided that such individual who, for the taxable year of the taxpayer, has as his principal place of abode the home of the taxpayer and can be identified as a member of the taxpayer's household.

Proposed law authorizes a taxpayer to claim the tax credit if there is a valid and enforceable contract of lease, as defined in present law, between the taxpayer and any individual who has a physical disability that requires, or will require, the inclusion of accessible and barrier-free design elements in the dwelling and who occupies and resides in any portion of the dwelling pursuant to the terms of the contract of lease

Proposed law establishes a program cap not to exceed $500,000 in credits granted by the Dept. of Revenue each calendar year and provides for the claim of credits on a first-come, first-served basis. A taxpayer whose claim is disallowed due to the cap may claim the credit in the next calendar year and have priority over other claims.

Effective Jan. 1, 2018.

(Amends R.S. 47:297(P)(1), (2), (3)(intro. para.), and (5); Adds R.S. 47:297(P)(6) and (7))