

Regular Session, 2009

SENATE BILL NO. 113

BY SENATOR MARIONNEAUX

TAX/TAXATION. Increases the tax credits for rehabilitation of certain residential structures. (gov sig)

1 AN ACT
2 To amend and reenact R.S. 47:297.6(A)(1), relative to individual income tax credits; to
3 provide for increases in tax credits for the rehabilitation of residential structures in
4 certain areas; and to provide for related matters.
5 Be it enacted by the Legislature of Louisiana:
6 Section 1. R.S. 47:297.6(A)(1) is hereby amended and reenacted to read as follows:
7 §297.6. Reduction to tax due; rehabilitation of residential structures
8 A.(1) There shall be a credit against individual income tax liability due under
9 this Title for the amount of eligible costs and expenses incurred during the
10 rehabilitation of an owner-occupied residential or owner-occupied mixed use
11 structure located in a National Register Historic District, a local historic district, a
12 Main Street District, a cultural products district, or a downtown development district,
13 or such owner-occupied residential structure which has been listed or is eligible for
14 listing on the National Register, or such structure which has been certified by the
15 State Historic Preservation Office as contributing to the historical significance of the
16 district, or a vacant and blighted owner-occupied residential structure that is at least
17 fifty years old. The tax credit authorized pursuant to this Section shall be limited to

1 one credit per structure rehabilitated. The total credit shall not exceed ~~twenty-five~~
 2 fifty thousand dollars per structure. In order to qualify for that credit, the
 3 rehabilitation costs of the structure must exceed ~~twenty~~ ten thousand dollars. The
 4 credit shall be calculated using the following percentages of the eligible costs and
 5 expenses of the rehabilitation based on the adjusted gross income of the owner-
 6 occupant. If the residential structure is owned and occupied by two or more
 7 individuals, the applicable percentage shall be based on the sum of the adjusted gross
 8 incomes of all owner-occupants who contribute to the rehabilitation, and the credit
 9 will be divided between the owner-occupants in proportion to their contribution to
 10 the eligible costs and expenses, unless they agree to an alternate division as follows:

11 (a) If the adjusted gross income is less than or equal to ~~fifty~~ one hundred
 12 thousand dollars, the credit shall be ~~twenty-five~~ fifty percent of the eligible costs and
 13 expenses of the rehabilitation.

14 (b) If the adjusted gross income is greater than ~~fifty~~ one hundred thousand
 15 dollars and less than or equal to ~~seventy-five~~ one hundred fifty thousand dollars, the
 16 credit shall be ~~twenty~~ forty percent of the eligible costs and expenses of the
 17 rehabilitation.

18 (c) If the adjusted gross income is greater than ~~seventy-five~~ one hundred
 19 fifty thousand dollars and less than or equal to ~~one~~ two hundred thousand dollars, the
 20 credit shall be ~~fifteen~~ thirty percent of the eligible costs and expenses of the
 21 rehabilitation.

22 (d) If the adjusted gross income is greater than ~~one~~ two hundred thousand
 23 dollars, the credit is only available for the rehabilitation of a vacant and blighted
 24 owner-occupied residential structure that is at least fifty years old, and the credit
 25 shall be ~~ten~~ twenty percent of the eligible costs and expenses of the rehabilitation.

26 * * *

27 Section 2. The provisions of this Act shall be applicable to costs and expenses
 28 incurred on rehabilitations starting on and after, August 15, 2009.

29 Section 3. This Act shall become effective upon signature of the governor or, if not

1 signed by the governor, upon expiration of the time for bills to become law without signature
 2 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 3 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 4 effective on the day following such approval.

The original instrument was prepared by Danielle Doiron. The following digest, which does not constitute a part of the legislative instrument, was prepared by Riley Boudreaux.

DIGEST

Marionneaux (SB 113)

Present law provides an individual income tax credit for the rehabilitation of owner-occupied residential or owner-occupied mixed use structures. Further provides that the total credit shall be no more than \$25,000 per structure and the rehabilitation costs of the structure must exceed \$20,000.

Proposed law increases the maximum limit of income tax credit per structure from \$25,000 to \$50,000. Reduces the minimum rehabilitation costs from \$20,000 to \$10,000.

Present law provides that the credit shall be calculated on the following percentages of the eligible costs and expenses of the rehabilitation based on the adjusted gross income (AGI) of the owner occupant as follows:

- (1) If the AGI is less than or equal to \$50,000, the credit shall be 25% of the eligible costs and expenses of the rehabilitation.
- (2) If the AGI is greater than \$50,000 and less than or equal to \$75,000, the credit shall be 20%.
- (3) If the AGI is greater than \$75,000 and less than or equal to \$100,000, the credit shall be 15%.
- (4) If the AGI is greater than \$100,000, the credit is only available for the rehabilitation of a vacant and blighted owner-occupied residential structure that is at least 50 years old and the credit shall be 10% of the eligible costs and expenses of the rehabilitation.

Proposed law increases the amounts that the credit shall be calculated on the following percentages of the eligible costs and expenses of the rehabilitation based on the adjusted gross income (AGI) of the owner occupant as follows:

- (1) If the AGI is less than or equal to \$100,000, the credit shall be 50% of the eligible costs and expenses of the rehabilitation.
- (2) If the AGI is greater than \$100,000 and less than or equal to \$150,000, the credit shall be 20%.
- (3) If the AGI is greater than \$150,000 and less than or equal to \$200,000, the credit shall be 15%.

- (4) If the AGI is greater than \$200,000, the credit is only available for the rehabilitation of a vacant and blighted owner-occupied residential structure that is at least 50 years old and the credit shall be 20% of the eligible costs and expenses of the rehabilitation.

Applicable to costs and expenses incurred on rehabilitations starting on and after August 15, 2009.

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

(Amends R.S. 47:297.6(A)(1))

Summary of Amendments Adopted by Senate

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

1. Reduces the minimum cost of rehabilitation to be eligible for the credit from \$40,000 to \$10,000 (lower than the \$20,000 in present law).
2. Delays the applicability of the proposed law from costs and expenses incurred on and after January 1, 2009 to costs and expenses incurred on and after August 15, 2009.