

2019 Regular Session

SENATE BILL NO. 230

BY SENATOR CLAITOR

TAX/TAXATION. Provides tax credits for manufacturers to reduce the use of water from aquifers and other potable water sources. (gov sig)

1 AN ACT

2 To enact R.S. 47:6039, relative to tax credits; to provide income and corporation franchise
3 tax credits to provide an incentive to businesses to reduce potable water use; in the
4 manufacturing process; to provide for certification of the equipment; to provide for
5 the application of the credit; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:6039 is hereby enacted to read as follows:

8 **§6039. Drinking water protection tax credit**

9 **A. To provide an incentive for manufacturers to reduce their reliance on**
10 **water from the state's fresh water aquifers there is hereby created a tax credit**
11 **for the purchase by a manufacturer of equipment necessary to retrofit existing**
12 **manufacturing facilities or fit new manufacturing facilities with the**
13 **infrastructure and technology necessary to reduce potable water consumption**
14 **in the manufacturing process.**

15 **B.(1) The credit pursuant to this Section shall be equal to the purchase**
16 **price of equipment installed at a manufacturing facility in this state that is**
17 **necessary to reduce potable water use or to filter, disinfect, or otherwise treat**

1 nonpotable surface or waste water for use in a manufacturing process such as
2 fabricating, processing, washing, diluting, and operating cooling equipment.

3 (2) Taxpayers eligible for the credit are those taxpayers that use any
4 form of water in the production of goods in the manufacturing sector (as
5 defined in North American Industrial Classification System codes 31, 32, and
6 33), including any system that uses water for heating, cooling, or energy
7 production for the production of goods in the trade or business of
8 manufacturing.

9 (3) The tax credits shall be used against income or corporation franchise
10 taxes for the year in which the eligible equipment is placed in service. If the
11 amount of the credit authorized pursuant to this Section exceeds the amount of
12 tax liability for the tax year, the excess credit may be carried forward as a credit
13 against subsequent income or corporation franchise tax liability for a period not
14 to exceed five years.

15 (4) The amount of this credit for all taxable years with respect to any
16 manufacturing facility shall not exceed ten million dollars.

17 (5) This credit shall apply to purchases of qualifying equipment on or
18 after January 1, 2020.

19 C. Review of applications; certification of equipment

20 (1) To qualify for a tax credit pursuant to this Section, a taxpayer shall
21 submit an application to the Department of Environmental Quality. The
22 Department of Environmental Quality shall determine whether the equipment
23 is necessary to reduce potable water use or to filter, disinfect, or otherwise treat
24 nonpotable surface or waste water for use in the manufacturer's processes such
25 as fabricating, processing, washing, diluting, and cooling equipment. The
26 Department of Environmental Quality may take into account the particular
27 water quality needs of the manufacturer in making this determination.

28 (2)(a) Upon approval by the Department of Environmental Quality that
29 the equipment is qualifying equipment, the applicant may proceed with

1 installation of the equipment. The installation shall be conducted according to
2 Department of Environmental Quality oversight.

3 (b) After a satisfactory demonstration that the installation is complete
4 and the equipment has been placed in service, the Department of
5 Environmental Quality shall approve the application and shall issue a certificate
6 of completion to the taxpayer-applicant and forward it to the secretary of the
7 Department of Revenue.

8 D. Application of the credit.

9 (1) All entities taxed as corporations for Louisiana income tax purposes
10 shall claim any credit allowed under this Section on their corporation income
11 or franchise tax returns.

12 (2) Individuals, estates, and trusts shall claim any credit allowed under
13 this Section on their income tax returns.

14 (3) Entities not taxed as corporations shall claim any credit allowed
15 under this Section on the returns of the partners or members as follows:

16 (a) Corporate partners or members shall claim their share of the credit
17 on their corporate income and franchise tax returns.

18 (b) Individual partners or members shall claim their share of the credit
19 on their individual income tax returns.

20 (c) Partners or members that are estates or trusts shall claim their share
21 of the credit on their fiduciary income tax returns.

22 E. The secretary of the Department of Environmental Quality, in
23 consultation with the secretary of the Department of Revenue, shall promulgate
24 rules and regulations establishing technical specifications and certification
25 requirements for the qualification of water saving or processing equipment for
26 the credit established pursuant to this Section.

27 Section 2. This Act shall become effective upon signature by the governor or, if not
28 signed by the governor, upon expiration of the time for bills to become law without signature
29 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

