

GREEN SHEET REDIGEST

HB 678

2021 Regular Session

Duplessis

TAX CREDITS: Provides for the Louisiana work opportunity tax credit

---

DIGEST

Proposed law authorizes an income tax credit for eligible businesses that hire participants in work release programs provided for in present law (R.S. 15:711, 1111, 1199.9, and 1199.10).

Proposed law defines "eligible business" as any business that is subject to La. income tax and participates in any of the work release programs provided for in present law.

Proposed law defines "eligible re-entrant" as an inmate eligible for participation in a work release program provided for in present law.

Proposed law defines "eligible job" as:

- (1) A new job.
- (2) An existing job that has been vacant for at least one year.
- (3) An existing job that is vacant because the person who previously filled the job left voluntarily or was terminated for cause.

Proposed law defines "secretary" as the secretary of the Dept. of Revenue.

Proposed law provides the credit is earned upon certification that the re-entrant has been employed by the eligible business in an eligible job for 12 consecutive months. Further provides that the credit may be earned only once for each eligible re-entrant.

Proposed law provides that the amount of the credit shall equal 5% of the total wages paid to the eligible re-entrant for employment in an eligible job during the specified time period. Further provides the total amount of tax credits granted to an eligible business shall not exceed \$2,500 per eligible re-entrant.

Proposed law provides the credit shall be earned upon certification by the Dept. of Public Safety or the applicable sheriff to the Dept. of Revenue that the eligible business employed an eligible re-entrant in an eligible job for 12 consecutive months following the re-entrant's release from imprisonment.

Proposed law provides that the credit shall be allowed against any La. income or franchise tax due by the business for the taxable period in which the credit is earned.

Proposed law authorizes businesses to carry forward any unused credit for a period not to exceed five years.

Proposed law authorizes the secretary to recover the credit under certain circumstances.

Proposed law permits the Dept. of Revenue to promulgate rules to establish procedures related to program eligibility.

Proposed law provides no credit shall be granted after June 30, 2027.

Proposed law is applicable to tax years beginning on or after Jan. 1, 2021.

Present law (R.S. 47:297.8) provides for an earned income tax credit against individual income tax in an amount equal to 5% of the federal earned income tax credit for tax years beginning on and after January 1, 2019 through December 31, 2025.

Proposed law removes the sunset date for the 5% earned income tax credit.

Proposed law increases the earned income tax credit to equal 50% of the federal earned income tax credit for one year beginning January 1, 2021.

Proposed law applies the one year increase of the earned income tax credit for individual taxpayers who do not have a qualifying child and who are either:

- (1) At least eighteen years of age but less than twenty-five years of age.
- (2) At least sixty years of age.

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

(Adds R.S. 47:287.750)

#### Summary of Amendments Adopted by House

##### The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Add a definition for the term "secretary".
2. Change the amount of the credit from 50% of the eligible re-entrant wages to 5% of the eligible re-entrant wages.
3. Change the maximum amount of the credit from a total of \$20,000 per eligible business in a calendar year to a total of \$2,500 per business per eligible re-entrant.
4. Add provisions requiring the Dept. of Public Safety or the sheriff, whichever is applicable, to certify to the Dept. of Revenue that the eligible business employed an eligible re-entrant in an eligible job for at least 12 consecutive months following their release from imprisonment.
5. Add provisions that permit the secretary of the Dept. of Revenue to recover a credit if the credit later becomes disallowed.
6. Add provisions prohibiting a taxpayer from receiving any other tax incentive for the job creation or hiring of an eligible re-entrant for which the taxpayer has received a tax credit pursuant to proposed law.
7. Authorize the Dept. of Revenue to promulgate rules in accordance with the Administrative Procedure Act to establish procedures related to program eligibility.
8. Add provisions prohibiting the granting of credits after June 30, 2027.
9. Change the effectiveness of proposed law from Jan. 1, 2022, to effectiveness upon signature by the governor or lapse of time for gubernatorial action.
10. Make technical changes.

#### Summary of Amendments Adopted by Senate

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

1. Adds provisions that make the current 5% earned income tax credit permanent.

2. Provides for a one-year increase in the earned income tax credit for certain taxpayers.
3. Makes technical changes.