

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 680

2021 Regular Session

Hughes

TAX CREDITS: Establishes the Louisiana Youth Jobs Tax Credit Program and apprenticeship tax credits

Synopsis of Senate Amendments

1. Reduce the amount of the annual cap on issuance of the La. Youth Jobs Tax Credit Program from \$7.5 million to \$5 million.
2. Delete provisions authorizing the carry forward of the excess La. Youth Jobs Tax Credit Program credits to subsequent calendar years.
3. Add establishment of a non-refundable income or corporation franchise tax credit for the employment of eligible apprentices, beginning Jan. 1, 2022. The amount of the credit for each eligible apprentice employed for a minimum of 250 hours during the taxable period shall be \$1.25 per hour of employment for a maximum credit of \$1,250 per eligible apprentice.
4. Limit the total amount of apprenticeship tax credits that may be granted by the Dept. of Revenue in any calendar to \$2.5 million and authorize the carry forward of unused apprenticeship tax credits to subsequent calendar years without regard for the annual credit cap.
5. Add definition of "eligible apprentice" to include a person who has entered into a written apprentice agreement with an employer or an association of employers pursuant to a registered apprenticeship program as provided for in present law or a person who is enrolled in a training program accredited by the National Center for Construction Education and Research which has no less than four levels of training and no less than 500 hours of instruction.
6. Provide for the allocation, administration, and recovery of the apprenticeship tax credit.
7. Prohibit apprenticeship tax credits from being granted for the employment of eligible apprentices before Jan. 1, 2022 or after Dec. 31, 2028.

Digest of Bill as Finally Passed by Senate

Louisiana Youth Jobs Tax Credit Program

Proposed law establishes a tax credit for employers who employ one or more "eligible youth". Defines "eligible youth" as a person who meets all of the following criteria:

- (1) Is between the ages of 16 and 24.
- (2) Is unemployed prior to being hired by a business applying for the credit provided pursuant to proposed law.
- (3) Will be working in a full-time or part-time position that pays wages equivalent to wages paid for similar jobs. Defines "full-time position" as one in which a person works at least 32 hours per week; defines "part-time position" as one in which a person works at least 20 hours per week but less than 32 hours per week.
- (4) Meets at least one of certain other criteria provided in proposed law that include, but

are not limited to: is homeless, is a veteran, is a member of a family that is receiving benefits through the Supplemental Nutrition Assistance Program, or is currently or was in foster care.

Within 60 days of being hired, proposed law requires an eligible youth to provide to the hiring business proof of age and of meeting eligibility criteria provided in proposed law. Requires the hiring business to submit or maintain proof that each eligible youth meets eligibility criteria, as required by the secretary of the Dept. of Revenue (DOR).

Proposed law provides that the credit applies for taxable years beginning after July 1, 2021, and that any credit provided pursuant to proposed law shall be non-refundable. Requires the credit to be taken against La. income tax or corporate franchise tax.

Proposed law further provides that a credit is earned for each eligible youth who works at least three consecutive months in a full-time or part-time position at the business. Proposed law provides that the credit shall equal \$1,250 for each qualifying eligible youth in a full-time position and \$750 for each qualifying eligible youth in a part-time position.

Proposed law caps the maximum amount of tax credits that may be granted in a given year at \$5 million. Requires DOR to promulgate rules providing for allocation of available tax credits.

Proposed law provides that if the tax credit earned for the taxable period exceeds the amount of taxes due, then the taxpayer may carry forward as a credit the unused portion for up to five years.

Proposed law requires all entities taxed as corporations to claim the credit authorized pursuant to proposed law on their corporation income and franchise tax return. Individuals, estates, and trusts are required to claim the credit on their income tax returns. Further provides requirements for claiming the credit by business entities that are not taxed as corporations.

Proposed law provides that if a credit is later disallowed, DOR may recover the disallowed credit through any collection remedy authorized in present law relative to nonrefundable tax credits.

Proposed law authorizes DOR to promulgate rules in accordance with present law (Administrative Procedure Act) to implement proposed law.

Proposed law further prohibits a taxpayer from receiving any other incentive for the job creation or hiring of an eligible youth for which the taxpayer has received a credit pursuant to proposed law.

Proposed law provides that no credit shall be earned after Dec. 31, 2025.

Apprenticeship tax credits

Proposed law establishes, beginning Jan. 1, 2022, a non-refundable income or corporation franchise tax credit for the employment of eligible apprentices. The amount of the credit for each eligible apprentice employed for a minimum of 250 hours during the taxable period is \$1.25 per hour of employment for a maximum credit of \$1,250 per eligible apprentice. The total amount of tax credits granted by DOR in any calendar year shall not exceed \$2.5 million.

Proposed law defines an "eligible apprentice" as a person who has entered into a written apprentice agreement with an employer or an association of employers pursuant to a registered apprenticeship program as provided for in present law or a person who is enrolled in a training program accredited by the National Center for Construction Education and

Research which has no less than four levels of training and no less than 500 hours of instruction.

Proposed law requires DOR to establish the method of allocating available tax credits to employers. Further requires DOR, in consultation with the La. Workforce Commission to establish the procedures sufficient to determine the employer's eligibility for the credit.

Proposed law provides that if the entire \$2.5 million in tax credits is not granted in any calendar year, the amount of unused tax credits shall carry forward to subsequent calendar years and may be granted in any year without regard to the annual cap.

Proposed law requires the La. Workforce Commission to provide an annual list of businesses that participate in the apprenticeship programs administered by the agency to DOR.

Proposed law requires DOR to determine the enrollment and transcript data required from the National Center for Construction Education and Research for students enrolled in one of its accredited training programs in order to determine the employer's eligibility for the credit. However, in order for an employer to be eligible for a credit, a student enrolled in a training program accredited by the National Center for Construction Education and Research must have successfully completed no less than two levels of training and no less than 250 hours of instruction.

Proposed law authorizes the credit to be allowed against the income or franchise tax due from a taxpayer for the taxable period in which the credit is earned. If the amount of the tax credit exceeds the amount of the taxpayer's tax liability, then unused credit amounts may be carried forward and applied against subsequent tax liability for up to five years.

Proposed law authorizes DOR to recover credits granted to a taxpayer but subsequently disallowed.

Proposed law authorizes DOR to promulgate rules in accordance with present law (Administrative Procedure Act) to establish the policies and criteria regarding program eligibility and any other matter necessary to implement the provisions of proposed law.

Proposed law prohibits tax credits from being granted for the employment of eligible apprentices before Jan. 1, 2022 or after Dec. 31, 2028.

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

(Adds R.S. 47:6028 and 6033)