

2023 Regular Session

HOUSE BILL NO. 614

BY REPRESENTATIVE RISER

TAX CREDITS: Establishes the Louisiana Onshore and Offshore Packaged Fire Safety Equipment Income Tax Credit program

1 AN ACT

2 To enact R.S. 47:6043, relative to income tax credits; to establish a nonrefundable tax credit

3 for certain manufacturers of packaged fire safety equipment; to provide for

4 qualifications for the credit; to provide for the amount of the credit; to provide for

5 an annual limit on the amount of credits granted by the Department of Revenue; to

6 provide for means by which corporations and partners and members of entities not

7 taxed as corporations may claim the credit; to provide for transferability of the credit;

8 to require recipients of the credit to make certain expenditures as a condition of

9 continuing eligibility for the credit; to require the secretary of the Department of

10 Revenue to promulgate administrative rules with respect to the credit; to provide for

11 applicability; to prohibit granting of new credits after a certain date; and to provide

12 for related matters.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 47:6043 is hereby enacted to read as follows:

15 §6043. Louisiana Onshore and Offshore Packaged Fire Safety Equipment Income

16 Tax Credit

17 A. The purpose of this Section is to provide incentives for all of the

18 following:

19 (1) The creation of high-paying manufacturing jobs in this state.

1 (2) Increased utilization within the energy industry of high-quality products
2 that are manufactured in Louisiana.

3 (3) The provision of high-wage employment opportunities for formerly
4 incarcerated persons.

5 B.(1) There shall be allowed a nonrefundable credit against Louisiana
6 income tax for qualifying manufacturers of packaged fire safety equipment that meet
7 the requirements provided in this Subsection.

8 (2) In order for a manufacturer of packaged fire safety equipment to be
9 deemed a "qualifying manufacturer" for purposes of this Section, the manufacturer
10 shall meet all of the following requirements:

11 (a) The manufacturer is incorporated in Louisiana.

12 (b) The packaged fire safety equipment that the manufacturer produces is
13 one hundred percent manufactured and assembled in Louisiana.

14 (c) The manufacturer has at least ten years of direct experience and history
15 of manufacturing packaged fire safety pumps.

16 (d) Two or more packaged fire safety pumps produced by the manufacturer
17 have been in service for at least ten years each, with no history of malfunction, on
18 one or more oil and gas platforms in the Gulf of Mexico.

19 (e) The facility at which the manufacturer's packaged fire safety equipment
20 is produced is located within an enterprise zone as defined in R.S. 51:1783.

21 (f) At least fifty percent of the manufacturer's manufacturing workforce is
22 comprised of formerly incarcerated individuals whose wages are greater than the
23 state minimum wage.

24 C. In any taxable year, the amount of a qualifying manufacturer's credit shall
25 equal the total amount of the manufacturer's purchase orders in that year for
26 packaged fire safety equipment for onshore oil and gas applications and offshore oil
27 and gas applications.

1 D.(1) The total amount of credits granted by the Department of Revenue
2 pursuant to the provisions of this Section shall not exceed fifty million dollars per
3 calendar year.

4 (2) The granting of tax credits authorized by this Section shall be on a
5 first-come, first-served basis. If the total amount of credits claimed in a particular
6 calendar year exceeds the amount of tax credits authorized for that year, the
7 Department of Revenue shall treat the excess as having been applied for on the first
8 day of the subsequent year. The department shall treat all requests received on the
9 same business day as received at the same time. If the aggregate amount of the
10 requests received on a single business day exceeds the total amount of available tax
11 credits, the department shall approve tax credits on a pro rata basis.

12 E. If the tax credit amount earned in accordance with this Section in a
13 taxable year exceeds the total tax liability of a taxpayer in that year, the amount of
14 the credit not used as an offset against the taxpayer's tax liability in the taxable year
15 may be carried forward as a credit against subsequent income tax liabilities for a
16 period not to exceed five taxable years.

17 F. The credit authorized in this Section may be claimed by corporations,
18 individuals, and other entities in accordance with the following provisions:

19 (1) An entity taxed as a corporation for Louisiana income tax purposes shall
20 claim any credit authorized by this Section on its corporation income and franchise
21 tax return.

22 (2) An entity that is not taxed as a corporation shall claim any credit
23 authorized by this Section on the returns of the partners or members in accordance
24 with the following requirements:

25 (a) Corporate partners or members shall claim their share of the credit,
26 respectively, on their corporation income tax returns.

27 (b) Individual partners or members shall claim their share of the credit,
28 respectively, on their individual income tax returns.

1 (c) Partners or members that are estates or trusts shall claim their share of the
2 credit, respectively, on their fiduciary income tax returns.

3 G. A qualifying manufacturer may transfer not more than ten percent of the
4 credit amount it earns pursuant to this Section in a taxable year to one or more
5 purchasers of its packaged fire safety equipment. However, no entity may receive
6 a transfer of credit provided for in this Subsection unless it is the end user of the
7 packaged fire safety equipment and is incorporated in Louisiana. The transfer of
8 credits authorized in this Subsection shall be subject to the provisions of the
9 Louisiana Tax Credit Registry Act.

10 H.(1) In any taxable year, each qualifying manufacturer shall expend an
11 amount equal to or greater than ten percent of the credit amount it earned pursuant
12 to this Section in the previous taxable year on housing for participants in a reentry
13 initiative or transitional work program of the Department of Public Safety and
14 Corrections.

15 (2) Any manufacturer who fails to comply with the requirement provided in
16 Paragraph (1) of this Subsection shall be subject to all of the following penalties:

17 (a) The manufacturer shall repay to the Department of Revenue an amount
18 equal to ten percent of the credit amount it earned pursuant to this Section in the
19 taxable year prior to the year in which it failed to make the expenditure required by
20 Paragraph (1) of this Subsection.

21 (b) The manufacturer shall be ineligible for any tax credits authorized by this
22 Section for the taxable year in which it failed to make the expenditure required by
23 Paragraph (1) of this Subsection and for the two ensuing taxable years. A
24 manufacturer's eligibility for the tax credit authorized by this Section may be
25 restored after the expiration of the three-year period of ineligibility provided for in
26 this Subparagraph if the manufacturer meets all other applicable requirements of this
27 Section.

1 I. The secretary of the Department of Revenue shall promulgate rules in
2 accordance with the Administrative Procedure Act as are necessary to implement the
3 provisions of this Section.

4 J. The Department of Revenue shall not grant any new credits pursuant to
5 this Section for any taxable year beginning after December 31, 2028.

6 Section 2. The provisions of this Act shall apply to taxable periods beginning on or
7 after January 1, 2024.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 614 Original

2023 Regular Session

Riser

Abstract: Authorizes an income tax credit for qualifying manufacturers of packaged fire safety equipment and requires entities claiming the credit to expend certain amounts on housing for formerly incarcerated persons in reentry initiatives or transitional work programs.

Proposed law authorizes a nonrefundable credit against La. income tax for qualifying manufacturers of packaged fire safety equipment. Provides that in order for a manufacturer of packaged fire safety equipment to be deemed a "qualifying manufacturer" for purposes of proposed law, the manufacturer shall meet all of the following requirements:

- (1) The manufacturer is incorporated in La.
- (2) The packaged fire safety equipment that the manufacturer produces is 100% manufactured and assembled in La.
- (3) The manufacturer has at least 10 years of direct experience and history manufacturing packaged fire safety pumps.
- (4) Two or more packaged fire safety pumps produced by the manufacturer have been in service for at least 10 years each, with no history of malfunction, on one or more oil and gas platforms in the Gulf of Mexico.
- (5) The facility at which the manufacturer's packaged fire safety equipment is produced is located within an enterprise zone as defined in present law (R.S. 51:1783).
- (6) At least 50% of the manufacturer's manufacturing workforce is comprised of formerly incarcerated individuals whose wages are greater than the state minimum wage.

Proposed law provides that in any taxable year, the amount of a qualifying manufacturer's credit shall equal the total amount of the manufacturer's purchase orders in that year for packaged fire safety equipment for onshore oil and gas applications and offshore oil and gas applications.

Proposed law provides that if the tax credit amount earned in a taxable year exceeds the total tax liability of a taxpayer in that year, the amount of the credit not used as an offset against the taxpayer's tax liability in the taxable year may be carried forward as a credit against subsequent income tax liabilities for a period not to exceed five taxable years.

Proposed law limits the total amount of credits granted by the Dept. of Revenue pursuant to proposed law to \$50,000,000 per calendar year.

Proposed law provides for claiming of the credit by corporations and partners and members of entities not taxed as corporations.

Proposed law authorizes a qualifying manufacturer to transfer not more than 10% of the credit amount it earns in a taxable year to one or more purchasers of its packaged fire safety equipment. However, proposed law prohibits an entity from receiving a transfer of credit unless it is the end user of the packaged fire safety equipment and is incorporated in La. Proposed law provides that such transfer of credits shall be subject to the provisions of present law known as the La. Tax Credit Registry Act (R.S. 47:1524).

Proposed law requires that in any taxable year, each qualifying manufacturer shall expend an amount equal to or greater than 10% of the credit amount it earned in the previous taxable year on housing for participants in a reentry initiative or transitional work program of the Dept. of Public Safety and Corrections. Provides for penalties for failure to comply with this requirement.

Proposed law prohibits the granting of any new credits pursuant to proposed law for any taxable year beginning after Dec. 31, 2028.

Proposed law applies to taxable periods beginning on or after Jan. 1, 2024.

(Adds R.S. 47:6043)