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## DIGEST

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HB 754 Original

2015 Regular Session

Leger

**Abstract:** Provides for appeals of denials of research and development tax credits and repeals eligibility of certain businesses that do not have a pending or issued U.S. patent.

Present law authorizes the Dept. of Economic Development (the department) to allow research and development tax credits for qualified research expenses in the state.

Present law provides for the amount of the credit for different entities. For an entity that employs fewer than 50 people, the amount of the credit is 40% of La. qualified research expenses for the taxable year. Proposed law changes the credit to the difference of 40% of La. qualified research expenses minus the base amount. Present law defines the base amount as 70% of the average annual qualified research expenses in Louisiana during the three years preceding the taxable year.

Present law authorizes professional service firms and businesses engaged in custom manufacturing and fabricating that do not have a pending or issued U.S. patent to apply for or receive the credit at the invitation of the secretary of the department.

Proposed law repeals present law.

Present law requires the department to approve or disapprove each tax credit application. No credits shall be granted to a taxpayer unless the credit is approved by the department.

Proposed law authorizes an applicant for a tax credit to appeal to the Board of Tax Appeals for a hearing on the application if the department fails to act on the application within one year or if the department disapproves all or part of the application. Appeals of disapprovals of all or part of an application shall be made within 60 days of the applicant's receipt of notification by registered mail of the disapproval.

Proposed law grants the Board of Tax Appeals jurisdiction over appeals of research and development tax credit denials and authorizes a taxpayer aggrieved by the department's denial of a research and development tax credit to petition the board for a determination of the amount of the credit.

(Amends R.S. 47:1431(A) and 6015(B)(4) and (C)(2)(c); Adds R.S. 47:1407(5); Repeals R.S. 47:6015(B)(5))