RÉSUMÉ DIGEST

ACT 125 (HB 629) **2015 Regular Session** **Jackson**

INCOME AND CORPORATION FRANCHISE TAX CREDIT REDUCTIONS (EFFECTIVE JULY 1, 2015 THROUGH JUNE 30, 2018)

Existing law provides for the following income and corporation franchise tax credits:

(1) R.S. 25:1226.4 Atchafalaya Trace Heritage Area Development Zone tax credit

(2) R.S. 47:34 Corporation tax credit

(3) R.S. 47:35 Neighborhood assistance tax credit

(4) R.S. 47:37 Credit for contributions to educational institutions

(5) R.S. 47:227 Offset against tax; insurance premium

(6) R.S. 47:265 Credits arising from refunds by utilities

(7) R.S. 47:287.664 Credits arising from refunds by utilities

(8) R.S. 47:287.748 Corporation tax credit; re-entrant jobs credit

(9) R.S. 47:287.749 Jobs credit

(10) R.S. 47:287.752 Credit for employment of first-time nonviolent offenders

(11) R.S. 47:287.753 Neighborhood assistance tax credit

(12) R.S. 47:287.755 Credit for contributions to educational institutions

(13) R.S. 47:287.758 Credit for bone marrow donor expense

(14) R.S. 47:287.759 Credit for employee and dependent health insurance coverage

(15) R.S. 47:297 Reduction to tax due

(16) R.S. 47:297.6 Credit for rehabilitation of residential structures

(17) R.S. 47:297.9 Certain military servicemembers and dependents hunting and fishing licenses

(18) R.S. 47:6004 Employer Credit

(19) R.S. 47:6005 Qualified new recycling manufacturing equipment and service contracts

(20) R.S. 47:6008 Credit for donations to assist playgrounds in economically depressed areas

(21) R.S. 47:6009 Louisiana Basic Skills Training Tax Credit

(22) R.S. 47:6012 Employer tax credits for donations of materials, equipment, advisors, or instructors

(23) R.S. 47:6013 Credit for donations to public schools

(24) R.S. 47:6017 Credit for expenses paid by economic development corporations

(25) R.S. 47:6018 Credit for purchasers from "PIE contractors"

(26) R.S. 47:6020 Angel Investor tax credit program

(27) R.S. 47:6022 Digital interactive media and software tax credit

(28) R.S. 47:6023 Sound recording investor tax credit

(29) R.S. 47:6025 Credit for La. Citizens Property Insurance Corp. assessment

(30) R.S. 47:6026 Cane River heritage tax credit

(31) R.S. 47:6032 Credit for certain milk producers

(32) R.S. 47:6034 Musical and theatrical production income tax credit

(33) R.S. 47:6035 Credit for conversion of vehicles to alternative fuel usage

(34) R.S. 47:6037 Credit for "green job industries"

(35) R.S. 51:1807 Incentives (Urban Revitalization)

(36) R.S. 51:2354 Technology commercialization credit

(37) R.S. 51:2399.3 Modernization tax credit

Existing law (R.S. 47:34 and R.S. 47:287.749) provides for an income tax credit to be used against the tax liability of corporate income taxpayers who generate new full-time and part-time jobs in the state. This tax credit is allowed in lieu of any tax exemptions granted pursuant to the Louisiana Enterprise Zone Act, any ad valorem property tax exemptions for business or industry, or any ad valorem tax exemption allowed through the State Board of Commerce and Industry pursuant to La. Const. Art. VII, Sec. 21(F). The credit is equal to the number of new employees multiplied by varying amounts.

Prior law allowed the following tax credits:

(1) $100 per eligible new employee per taxable yar.

(2) $200 per eligible new economically disadvantaged employee per taxable year.

(3) $225 per new employee who is a resident of a neighborhood with an employment rate of 10% or more per taxable year.

New law reduces the eligible amount per employee as follows:

(1) From $100 to $72 per eligible new employee per taxable year.

(2) From $200 to $144 per eligible new economically disadvantaged employee per taxable year.

(3) From $225 to $162 per new employee who is a resident of a neighborhood with an employment rate of 10% or more per taxable year.

Existing law (R.S. 47:35 and 287.753) provides for an income tax credit against the state corporate income tax liability for any business firm engaged in certain activities of providing neighborhood assistance, job training, education for individuals, community services, or crime prevention in the state.

Prior law allowed a tax credit of up to 70% of the actual amount contributed, not to exceed $250,000 annually per corporation.

New law reduces the amount of the credit from 70% to 50% of the actual amount contributed and reduces the maximum credit amount from $250,000 to $180,000.

Existing law (R.S. 47:37 and R.S. 47:287.755) provides for an income tax credit against a taxpayer's tax liability for contributions, donations, or selling below cost tangible movable property to a public educational institution for the purposes of research, research training, or direct education of students in the state.

Prior law allowed a tax credit equal to 40% of the property's value, or in the case of sale below cost, 40% of the difference between the price received and the value of the property.

New law reduces the allowable credit from 40% to 29% of either the property value or the difference between the price received and the value of the property.

Existing law (R.S. 47:227) provides for an offset for every insurance company against tax incurred for taxes on premiums.

Prior law allowed an offset equal to 100% of the tax incurred.

New law reduces the amount of the offset from 100% of the tax incurred to 72% of the taxes incurred on premiums.

Existing law (R.S. 47:265 and 287.664) provides for an income tax credit for utility companies against Louisiana income tax for amounts the utility company may have refunded to a customer pursuant to an order of the court or regulatory agency as a result of the denial of a New rate increase. The credit may be taken in lieu of a deduction from gross income if the deduction would result in a net loss.

Prior law allowed a tax credit equal to 100% of the amount of the income tax increase had the amounts refunded been included in the gross income.

New law reduces the amount of the credit from 100% of the amount of the income tax increase to 72% of the income tax increase.

Existing law (R.S. 47:287.748) provides for an income tax credit against the corporate income tax liability for taxpayers who employ an eligible Intensive Incarceration Program re-entrant.

Prior law allowed a tax credit equal to $150 per eligible re-entrant employed, not exceed 50% of the corporate income tax.

New law reduces the credit from $150 per eligible re-entrant to $108 per eligible re-entrant and decreases the maximum allowable credit from 50% of the corporate income tax to 36% of the corporate income tax.

Existing law (R.S. 47:287.752) provides for an income tax credit for each taxpayer who provides full-time employment to an individual who has been convicted of a first-time nonviolent offense. Requires certification by the employee's probation officer that the employee has successfully completed a drug treatment program, or any other court-ordered program, and that the employee has worked 180 days full-time for the employer seeking the credit.

Prior law allowed a tax credit equal to $200 per eligible employee per taxable year.

New law reduces the amount of the credit from $200 per eligible employee to $144 per eligible employee.

Existing law (R.S. 47:287.758 and R.S. 47:297(I)) provides an income tax credit for taxpayers for certain bone marrow donor expenses.

Prior law allowed a tax credit equal to 25% of the bone marrow donor expenses incurred during the tax year by an employer to provide the program.

New law reduces the amount of the credit from 25% to 18% of expenses incurred.

Existing law (R.S. 47:287.759) provides for an income tax credit against the income tax for the period in which the credit was earned for certain contractors or subcontractors who contract to do public work.

Prior law allowed a tax credit equal to 5% on a specified amount of the contract to do public work if the contractor or subcontractor offers the requisite number of their full-time employees health insurance coverage and pays the requisite amount of the total premium for the health insurance coverage for each employee and dependent. Further limited the amount of the tax credit to not more than $3 million per year.

New law reduces the amount of the credit allowed from 5% to 3.6% of the specified amount of the contract and reduces the maximum credit amount from $3 million to $2.16 million.

Existing law (R.S. 47:297(A)) provides for a tax credit for any taxpayer when the taxpayer, taxpayer's spouse, or dependent is deaf, blind, mentally incapacitated, or has lost the use of one or more limbs.

Prior law allowed a tax credit equal to $100.

New law reduces the amount of the credit from $100 to $72.

Existing law (R.S. 47:297(B)) provides for a tax credit for the elderly, contributions to candidates for public office, investment credits, credits for foreign tax, work incentive credits, jobs credits, and residential credits.

Prior law allowed a tax credit equal to the lesser of $25 or 10% of the same credit allowed on the federal income tax return for the same tax year.

New law reduces the amount of the credit from the lesser of $25 or 10% of the credit allowed on the federal return to the lesser of $18 or 7.2% of the credit allowed on the federal return.

Existing law (R.S. 47:297(C)) provides for an income tax credit for individuals for the state gasoline and motor fuels tax and special fuels taxes paid to operate or propel a commercial fishing boat.

Prior law allowed a tax credit equal to 100% of the state gasoline, motor fuels, and special fuels taxes paid.

New law reduces the amount of the credit from 100% of the amount of the gasoline, motor fuels, and special fuels taxes to 72%.

Existing law (R.S. 47:297(D)) provides an income tax credit for an individual taxpayer for educational expenses for each child of the taxpayer.

Prior law allowed a tax credit equal to $25 per child.

New law reduces the amount of the credit from $25 to $18.

Existing law (R.S. 47:297(F)) provides an income tax credit for individuals for contributions made to a family responsibility program under the provisions of existing law.

Prior law allowed a tax credit equal to 33.3% of the amount contributed. Further limited the credit to $200 per year.

New law reduces the amount of the credit from 33.3% to 24% of the contribution and reduces the maximum credit from $200 to $144.

Existing law (R.S. 47:297(G)) provides for an income tax credit for taxpayers who purchase certain environmental equipment designed to recover or recycle chloroflourocarbons used as refrigerants in commercial, home, and automobile air-conditioning systems, refrigeration units, and industrial cooling applications.

Prior law allowed a tax credit equal to 20% of the purchase price of the equipment, or if the equipment is financed, 20% of the original purchase price paid in that tax year.

New law reduces the amounts of the credit from 20% of the purchase price to 14.4%.

Existing law (R.S. 47:297(H)) provides for an income tax credit for certain medical doctors and dentists who practice in designated rural areas.

Prior law allowed a tax credit equal to $5,000 per taxable year up to a maximum of five years for each taxpayer meeting the criteria.

New law reduces the amount of the credit from $5,000 to $3,600 per taxable year.

Existing law (R.S. 47:297(J)) provides an income tax credit for individual taxpayers for certain educational expenses associated with attending college.

Prior law allowed a tax credit equal to the least of the tax due, or 100% of the educational expenses, or $750.

New law reduces the amount of the credit from the least of the tax due, 100% of the education expenses, or $750 to the least of the tax due, 72% of the education expenses, or $540.

Existing law (R.S. 47:297(K)) provides an income tax credit for individual taxpayers who provide full-time employment for certain individuals convicted of a first-time drug offense.

Prior law allowed a tax credit equal to $200 per new taxable year per eligible employee.

New law reduces the amount of the credit from $200 to $144.

Existing law (R.S. 47:297(L)) provides an income tax credit for qualified taxpayers for the purchase of a bulletproof vest. Requires the qualified taxpayer to be a member of certain law enforcement.

Prior law allowed a tax credit equal to the lesser of the full purchase price including applicable taxes paid by the taxpayer, or $100.

New law reduces the amount of the credit from the lesser of the full purchase price including applicable taxes or $100 to 72% of the full purchase price including applicable taxes, or $72.

Existing law (R.S. 47:297(M)) provides for an income tax credit against individual income tax for amounts paid as premiums for eligible long-term care insurance.

Prior law allowed a tax credit equal to 10% of the total amount of premiums paid annually.

New law reduces the amount of the credit from 10% of the total amount of premiums to 7%.

Existing law (R.S. 47:297(N)) provides for an income tax credit against individual income tax equal to certain amounts incurred by a taxpayer for the taxpayer's expenses because of a living organ donation by the taxpayer or taxpayer's spouse.

Prior law allowed a tax credit not to exceed $10,000.

New law reduces the maximum amount of the credit by 28% from $10,000 to $7,200.

Existing law (R.S. 47:297(P)) provides for an income tax credit against individual income tax for inclusion of certain accessible and barrier-free design elements in the construction of a new one- or two- family dwelling.

Prior law allowed a tax credit equal to the lesser of $1,000 or the total tax liability of the taxpayer.

New law reduces the amount of the credit from the lesser of $1,000 or the total tax liability of the taxpayer to $720 or 72% of the total tax liability of the taxpayer.

Existing law (R.S. 47:297.6) provides for an income tax credit for individual income tax for the amount of eligible costs and expenses incurred during the rehabilitation of an owner-occupied residential or owner-occupied mixed use structure located in certain specific locations.

Prior law allowed a tax credit equal to 25% of the eligible costs and expenses of a rehabilitation. The maximum credit allowed was $25,000. Prior law further authorized a credit of 50% of the eligible costs and expenses of a rehabilitation of a vacant and blighted owner-occupied residential structure that is at least 50 years old. Prior law provided an annual program cap of $10 million.

New law reduces the credit amount from 25% to 18.5% of eligible costs and expenses and reduces the credit amount from 50% to 36% of eligible costs and expenses for the rehabilitation of the qualified vacant and blighted residential structures. Further reduces the maximum credit allowed from $25,000 to $18,500 and reduces the program cap from $10 million to $7.2 million.

Existing law (R.S. 47:297.9) provides for an individual income tax credit for the amount paid by an active or reserve military service member for a La. noncommercial hunting or fishing license.

Prior law allowed a tax credit equal to 100% of the amount of the license.

New law reduces the amount of the credit from 100% of the amount of the license to 72%.

Existing law (R.S. 47:6004) provides for an income and corporation franchise tax credit for the employment of each person and participant of Family Independence Work Program in a newly created full-time job. The tax credit is allowed for the taxable period during which the new employee has completed one year of full-time service with the taxpayer or against the corporation franchise tax for the taxable period following the taxable period during which the new employee has completed one year of full-time service with the taxpayer.

Prior law allowed a tax credit equal to $750 per new employee.

New law reduces the amount of the credit from $750 to $540.

Existing law (R.S. 47:6005) provides an income tax or corporation franchise tax credit for taxpayers who purchase qualified new recycling manufacturing or process equipment or qualified service contracts to be used or performed exclusively in the state.

Prior law allowed a tax credit equal to 20% of the cost of the equipment or service contract less the amount of any other tax credit received for the purchase of the equipment or contract. Further provided an annual program cap of $5 million.

New law reduces the amount of the credit from 20% to 14.4% and reduces the annual program cap from $5 million to $3.6 million.

Existing law (R.S. 47:6008) provides for an income or corporation franchise tax credit for qualified donations made to qualified playgrounds.

Prior law allowed a tax credit equal to the lesser of $1,000 or one-half of the value of the cash, equipment, goods, or services donated.

New law reduces the amount of the credit from the lesser of $1,000 or 50% of the value of the cash, equipment, goods, or services donated to the lesser of $720 or 36% of the value of the cash, equipment, goods, or services donated.

Existing law (R.S. 47:6009) provides for an income or corporation franchise tax credit for a La. business or industry that supports and encourages employee basic skills training by satisfying criteria established in existing law and that submit proper and complete applications.

Prior law allowed a tax credit of $250 per participating employee, with the total of all basic skills training credits not to exceed $30,000 for any single business or industry enterprise in a particular tax year.

New law reduces the amount of the credit from $250 per participating employee to $180 and reduces the total maximum amount of all basic skills training credits from $30,000 to $21,600 for any single business or industry in a particular tax year.

Existing law (R.S. 47:6012) provides for an income and corporation franchise tax credit for employers within the state to donate materials, equipment, or instructors to public training providers registered with the La. Workforce Commission, or community colleges to assist in the development of training programs designed to meet industry needs.

Prior law allowed a tax credit equal to 50% of the value of the donated materials, equipment, or services rendered by the instructor.

New law reduces the amount of the credit from 50% of the value of the donated materials, equipment, or services rendered by the instructor to 36%.

Existing law (R.S. 47:6013) provides for a corporate income and corporation franchise tax credit for qualified donations made to a public school.

Prior law allowed a tax credit equal to 40% of the appraised value of the qualified donation.

New law reduces the amount of the credit from 40% of the appraised value of the qualified donation to 28.8%.

Existing law (R.S. 47:6017) provides for an income or corporation franchise tax credit for the filing fee paid to the La. State Bond Commission.

Prior law allowed a tax credit equal to 100% of the amount of the filing fee paid.

New law reduces the amount of the credit from 100% of the amount of the filing fee to 72%.

Existing law (R.S. 47:6018) provides for an income or corporation franchise tax credit for purchasing specialty apparel items from a contractor in a certified Private Sector/Prison Industry Enhancement Program that employs inmates of a La. correctional institution that manufacturers the apparel.

Prior law allowed a tax credit equal to 100% of the sales and use tax paid for the eligible specialty apparel items.

New law reduces the amount of the credit from 100% of the sales and use tax to 72%.

Existing law (R.S. 47:6020) provides for an income tax credit for qualifying individual or entities that invest in a La. Entrepreneurial Business.

Prior law allowed a tax credit equal to 35% of the qualified investment and placed a $5 million dollar cap on the total amount of tax credits that could be granted in any calendar tax year by the department. Prior law further limited qualifying investments by an investor to those that did not exceed $1 million per year per business and to $2 million total per business.

New law reduces the amount of the credit from 35% of the qualified investment to 25.2% and reduces the total amount of tax credits that may be granted from $5 million to $3.6 million in any calendar tax year. New law further reduces the maximum qualifying investment by an investor from $1 million to $720,000 and the maximum investment per business from $2 million to $1.44 million.

Existing law (R.S. 47:6022) provides for an income or franchise tax credit for La. taxpayers for investment in state-certified productions for digital interactive media earned at the time expenditures are made on a state-certified production.

Prior law allowed a tax credit equal to 25% of the base investment made by the investor for applications for state-certified productions submitted to the office on or after July 1, 2009. Additionally provided for a credit equal to 10% of base investment expended on payroll for La. residents employed in connection with a state-certified production.

New law reduces the amount of the credit from 25% of the base investment to 18% of the base investment and from 10% of the base investment expended on payroll for La. residents to 7.2% of the base investment expended on payroll for La. residents for applications for state-certified productions submitted to the office on or after July 1, 2015.

Existing law (R.S. 47:6023) provides for an income or franchise tax credit for La. taxpayers for investment in state-certified productions for sound recordings earned at the time expenditures are made on a state-certified production.

Prior law allowed a tax credit equal to 25% of the base investment made by the investor in excess of $15,000, or in excess of $5,000 for investors who are La. residents, for state-certified productions submitted to the office on or after July 1, 2009. Additionally provided an annual program cap of $3 million.

New law reduces the amount of the credit from 25% of the base investment to 18% of the base investment and reduces the annual program cap from $3 million to $2.16 million for state-certified productions that are certified on or after July 1, 2015.

Existing law (R.S. 47:6025) provides an income tax credit against La. income tax for the surcharges, market equalization charges, or assessments paid by a taxpayer for the La. Citizens Property Insurance Corporation assessments due to Hurricanes Katrina and Rita.

Prior law allowed a tax credit equal to 100% of the amount of surcharges, market equalization charges, or assessments paid.

New law reduces the amount of the credit from 100% of the amount of surcharges, market equalization charges, or assessments to 72% of the amount of surcharges, market equalization charges, or assessment.

Existing law (R.S. 47:6026) provides for an income or corporation franchise tax credit for certain heritage-based cottage industries located or to be located in the Cane River Heritage Area Development Zone.

Prior law allowed a tax credit equal to an amount up to $1,500 per contract award and an additional $1,500 credit for each new employee hired during the taxable year for which the credit is claimed.

New law reduces the amount of the credit from $1,500 per contract award to $1,080 and reduces the amount of the credit for each new employee hired from $1,500 to $1,080.

Existing law (R.S. 47:6032) provides for a refundable income and corporation franchise tax credit for a resident taxpayer engaged in the business of producing milk for sale. The amount of the credit is based on the production and sale of milk below the announced production price over a calendar year in accordance with a schedule provided in existing law.

Prior law capped the total aggregate amount of credits for all producers at $2.5 million per calendar year and limited the credit allowed for each producer at varying amounts.

New law reduces the total aggregate amount of credits for all producers from $2.5 million per calendar year to $1.8 million per calendar year. Further reduces the credits allowed for each producer as follows:

(1) From $5,000 to $3,600 tax credit for up to 1 million pounds of milk produced.

(2) From $10,000 to $7,200 tax credit for 1,000,001 to 1.5 million pounds of milk produced.

(3) From $15,000 to $10,800 tax credit for 1,500,001 to 2 million pounds of milk produced.

(4) From $20,000 to $14,400 tax credit for 2,000,001 to 2.5 million pounds of milk produced.

(5) From $25,000 to $18,000 tax credit for 2,500,001 to 3 million pounds of milk produced.

(6) From $30,000 to $21,600 tax credit for greater than 3 million pounds of milk produced.

Existing law (R.S. 47:6034) provides for an individual or corporate income tax credit for qualified production expenditures on investments in a state-certified musical or theatrical production or infrastructure project.

Prior law allowed a base investment credit for state-certified higher education musical or theatrical infrastructure projects that received initial certification prior to January 1, 2018, for expenditures made in the state on or before January 1, 2022 for the construction, repair, or renovation of a new state-certified higher education musical or theatrical facility infrastructure project. No more than $10 million in tax credits were allowed per project and no more than $60 million were allowed for all state-certified higher education musical or theatrical infrastructure projects. The credit for an investor was granted in varying amounts.

New law changes the date by which a project is required to receive initial certification to be eligible to receive the base investment credit amount from prior to January 1, 2018 to prior to July 1, 2015.

New law reduces the per project cap from $10 million to $7.2 million and the program cap from $60 million to $43.2 million for projects that receive an initial certification on or after July 1, 2015, and on or before Jan. 1, 2018 . Further reduces the credit amount for investors as follows:

(1) From 10% to 7.2% of the investor's base investment if the total base investment is greater than $100,000 and less than or equal to $300,000.

(2) From 20% to 14.4% of the investor's base investment if the total base investment is greater than $300,000 and less than or equal to $1 million.

(3) From 25% to 18% of the investor's base investment if the total base investment is greater than $1 million.

Prior law allowed an additional tax credit of 0.1% of the amount expended to employ students enrolled in La. colleges, universities, and vocational-technical schools in a state certified musical or theatrical production in certain positions.

New law reduces the additional tax credit from 0.1% to 0.072% of the amount expended to employ students enrolled in La. colleges, universities, and vocational-technical schools.

Prior law allowed an additional tax credit of 10% of the amount expended on payroll for La. residents employed in connection with a state-certified musical or theatrical production.

New law reduces the additional tax credit from 10% to 7.2% of the amount expended on La. payroll.

Existing law (R.S. 47:6035) provides for an income tax credit for qualified clean-burning motor vehicle fuel property purchased and installed on certain motor vehicles. The tax credit is based on the cost of the qualified clean-burning motor vehicle fuel property or the cost of the motor vehicle. A taxpayer is authorized to claim only one of the tax credits per vehicle.

Prior law allowed a tax credit equal to 50% of the cost of the qualified clean-burning motor vehicle fuel property. Further allowed a tax credit equal to the lesser of 10% of the cost of the motor vehicle or $3000 when the qualified clean-burning motor vehicle fuel property was installed by the manufacturer and the cost of the property is not discernible from the cost of the vehicle.

New law reduces the amount of the credit based on the cost of the qualified clean-burning motor vehicle fuel property from 50% to 36% of the cost and reduces the amount of the credit based on the cost of the motor vehicle from the lesser of 10% of the cost of the motor vehicle or $3000 to 7.2% of the cost of the motor vehicle or $1500.

Existing law (R.S. 47:6036) provides for an income and corporate franchise tax credit for the total capital costs of a project sponsored or undertaken by a public port and investing companies that have a capital cost of at least $5 million dollars and at which the predominant trade or business activity conducted will constitute industrial, warehousing, or port and harbor operations and cargo handling, including any port or port and harbor activity.

Prior law allowed an investor tax credit equal to the total amount of capital costs of the project. Further provided a per project cap of $2.5 million and an annual program cap of $6.25 million.

New law reduces the amount of the investor tax credit from the total amount of capital costs of the project to 72% of the amount of capital costs of the project. Further reduced the per project cap from $2.5 million to $1.8 million and the annual program cap from $6.2 million to $4.5 million.

Prior law allowed an import-export cargo tax credit equal to the product of multiplying $5 by the taxpayer's number of tons of qualified cargo for the taxable year that exceeds the precertification tonnage. Further provided an annual program cap of $6.25 million.

New law reduces the amount of the import-export cargo tax credit from $5 multiplied by the taxpayer's number of tons of qualified cargo to $3.60 multiplied by the taxpayer's number of tons of qualified cargo and reduced the annual program cap from $6.25 million to $4.5 million.

Existing law (R.S. 47:6037) provides an individual income or corporate income tax credit for approved expenditures in the state for the construction, repair, or renovation of a state-certified green project.

Prior law provided a $1 million per project cap and a $5 million annual program cap. The amount of the credit allowed varied.

New law reduces the per project cap from $1 million to $720,000 and reduces the annual program cap from $5 million to $3.6 million. Further reduces the amount of the credit as follows:

(1) From 10% to 7.2% of the investor's base investment if the total base investment is greater than $100,000 and less than or equal to $300,000.

(2) From 20% to 14.4% of the investor's base investment if the total base investment is greater than $300,000 and less than or equal to $1 million.

(3) From 25% to 18% of the investor's base investment if the total base investment is greater than $1million.

Prior law provided an additional tax credit of 10% of the base investment expended on payroll for La. residents employed in connection with the construction of a state-certified green project. The additional 10% tax credit for payroll for La. residents did not apply to that amount in excess of $1 million in payroll made to a single La. resident. Further allowed an additional 1% of the base investment expended on payroll for La. residents who are graduates of certain La. programs.

New law further reduces the additional credit for payroll of La. residents from 10% to 7.2% and reduces the additional credit for payroll for La. residents who are graduates from certain La. programs from 1% to 0.72%.

Existing law (R.S. 51:1807) provides for an income or franchise tax credit for businesses located in an urban revitalization zone. The credit received pursuant to existing law is in lieu of any incentive received under the Enterprise Zone Program.

Prior law allowed a tax credit equal to $5,000 per net new employee.

New law reduces the amount of the credit from $5,000 per net new employee to $3,600.

Existing law (R.S. 51:2354) provides an income and corporation franchise tax credit for investments by the taxpayer in commercialization costs for certain business locations.

Prior law allowed a tax credit equal to 40% of the amount of money invested. Further provided a credit for qualified new direct jobs equal to 5% multiplied by the gross payroll of the qualified new direct jobs.

New law allows the tax credit in prior law for applications that receive approval prior to July 1, 2015.

New law reduces the credit for commercialization costs for applications that receive approval on and after July 1, 2015 from 40% of the amount invested to 28.8% of the amount invested and reduces the amount of the credit for qualified new direct jobs from 5% to 4.32% multiplied by the gross payroll of the qualified new direct jobs.

Existing law (R.S. 51:2399.3) provides for an income or corporation franchise tax credit for amounts of qualified expenditures incurred by an employer for modernization.

Prior law allowed a tax credit equal to 5% of the amount of qualified expenditures. Further provided an annual program cap of $10 million.

New law allows the tax credit in prior law for applications that receive approval prior to July 1, 2015.

New law reduces the amount of the credit for credits approved prior on or after July 1, 2015 from 5% to 3.6% and reduces the annual program cap from $10 million to $7.2 million.

Existing law (R.S. 51:3085) provides for an income tax credit for qualifying individuals and businesses that invest in a Louisiana Community Development Financial Institution.

Prior law allowed a tax credit equal to 75% of the person's investment.

New law reduces the amount of the tax credit from 75% to 54% of the person's investment.

APPLICABILITY

New law reducing the amount of the tax credits shall apply to claims for credits on any return filed on or after July 1, 2015, but before June 30, 2018, regardless of the taxable year to which the return relates.

New law reducing the amount of the tax credits shall not apply to an amended return filed on or after July 1, 2015, but before June 30, 2018, relating to a credit claimed on an original return filed prior to July 1, 2015.

If a taxpayer has been allowed a filing extension prior to July 1, 2015 and subsequently files the return after July 1, 2015, but before June 30, 2018, then any portion of a credit claimed that is reduced by the provisions of new law reducing the amount of the tax credits shall be allowed as a credit in the amount of one-third of the reduced portion of the credit on the taxpayer's return for each of the taxable years beginning during calendar years 2017, 2018, and 2019.

SUNSET OF TAX CREDIT REDUCTIONS (EFFECTIVE JULY 1, 2018)

The reductions to the amount of tax credits in new law sunsets on June 30, 2018. The amount of a tax credit in prior law shall be applicable to all returns filed on or after July 1, 2018.

(Amends R.S. 25:1226.4(C)(1) and (2), R.S. 47:34(B)(1), 35(C), 37(C), 227, 265, 287.664, 287.748(B)(1), 287.749(B), 287.752(B)(1), 287.753(C), 287.755(C), 287.758(B), 287.759(A) and (C)(3), 297(A), (B), (C)(1), (D)(2), (F), (G)(2), (H)(1), (I)(2), (J)(4), (K)(2)(a), (L)(3), (M)(1), (N)(1) and (2), and (P)(2), 297.6(A)(1) and (5), 297.9(A), 6004(A)(2), the heading of 6005, 6005(C)(1) and (D)(1), 6008(A), 6009(D)(1), 6012(B), 6013(A), 6017(A), 6018(C), 6020(D)(1) and (2)(a), 6022(D)(2)(intro. para.), 6023(C)(1) and (3)(intro. para.), 6025(A)(1), 6026(D)(2) and (3), 6032(C) and (F), 6034(C)(1)(a)(ii)(bb), (C)(1)(a)(iii), (C)(1)(c), and (d), 6035(C)(1) and (D), 6036(C)(1)(b) and (I)(2)(a)(i), and 6037(B)(1) and (2)(b), (c), and (d) and R.S. 51:1807(C), 2354(A) and (B), 2399.3(A)(2)(a) and (b), and 3085(B)(1)(a); Adds R.S. 47:6022(D)(3))