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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Leonore Heavey.

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SB 136 Original	DIGEST 2017 Regular Session	Ward
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Present law provides for the payment of certain credits in excess of the tax liability for the taxable period, also known as refundable credits, including the following credits:

- (1) Vessels in Outer Continental Shelf Lands Act Waters (R.S. 47:6006.1) - credit against income or corporation franchise tax for ad valorem property taxes paid to political subdivisions on vessels in Outer Continental Shelf Lands Act Waters.
- (2) Property taxes paid by certain telephone companies (R.S. 47:6014) - credit against income corporation franchise tax for certain ad valorem property taxes paid to political subdivisions by a telephone company.
- (3) Prison Industry Enhancement contractors (R.S. 47:6015) - credit against income or corporation franchise tax for businesses that utilize inmate labor in producing items for sale and then pay 30% of the salary paid to such inmates back to the state.
- (4) Digital interactive media and software tax credit (R.S. 47:6022) - credit against income or corporation franchise tax for investment in the production of digital interactive media products and platforms in this state.
- (5) Solar energy systems tax credit (R.S. 47:6030) - credit against income or corporation franchise tax for a portion of the cost of a solar energy system that is already installed in a newly constructed residence or which is purchased and installed at an existing residence.
- (6) Certain milk producers (R.S. 47:6032) - credit against income or corporation franchise tax based on certain amounts of milk produced and sold.
- (7) Musical and theatrical production income (R.S. 47:6034) - credit against income or corporation franchise tax for state-certified musical or theatrical productions or infrastructure projects or for higher education musical or theatrical infrastructure projects certified by the Department of Economic Development.
- (8) Conversion of vehicles to alternative fuel usage (R.S. 47:6035) - credit against income or corporation franchise tax for a portion of the cost of qualified clean-burning motor vehicle fuel property which operates on "alternative fuel", defined as natural gas, liquified petroleum gas, and any nonethanol based advanced biofuel and includes certain electric vehicles.
- (9) Child care provider tax credit (R.S. 47:6105) - credit against income or corporation franchise tax for a child care provider who operates a facility or facilities where care is given to foster

children in the custody of the Department of Children and Family Services or to children who participate in the Child Care Assistance Program administered by the Department of Education.

- (10) Business-supported child care tax credit (R.S. 47:6107) - credit against income or corporation franchise tax for a taxpayer who incurs eligible business-supported child care expenses and for the payment by a business of fees and grants to child care resource and referral agencies.
- (11) Urban Revitalization tax credit (R.S. 51:1807) - credit against income or corporation franchise tax for a taxpayer who invests in certain economically depressed areas of the state.

Proposed law changes credits provided for in present law from refundable credits to nonrefundable credits for which the taxpayer will not receive payment in excess of the tax liability for the taxable period but only as applied against corporate income and corporate franchise tax liabilities, with the exception of the tax credit for ad valorem taxes paid on inventory which shall remain refundable as currently provided in R.S. 47:6006.

Applicable to all income tax years beginning on and after January 1, 2017, and franchise tax years beginning on and after January 1, 2018.

Act takes effect and is operative if and when the Act which originated as SB \_\_\_\_ of the 2017 Regular Session is enacted and becomes effective.

(Amends R.S. 47:6006.1(C) and (D), 6014(D), 6018(E), 6022(E)(2)(intro para), 6030(F), 6032(A) and (E), 6034(D)(1), 6035(E), 6107(A) and (B), and 6108(A); adds R.S. 47:6022(E)(3), 6105(C), and 6108(C) and R.S. 51:1807(F))