The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Sharon F. Lyles.

DIGEST

SB 149 Original | 2017 Regular Session | Chabert

Present law authorizes the Dept. of Economic Development (DED) to grant a tax credit equal to the 72% of total "capital costs" of a "qualifying project" in a La. "port or port and harbor" to be taken at 5% per tax year if the commissioner of administration, after approval of the Joint Legislative Committee on the Budget and the state bond commission, certifies to the secretary of the department that there will be sufficient revenue received by the state to offset the effect to the state of the tax credits provided for the capital costs of the project, whether from increased port or port and harbor activity because of the grant of the tax credit or otherwise. The tax credit may be carried forward for 10 years.

Proposed law adds authority for DED to grant a ports of Louisiana tax credit equal to 100% of total "capital costs" for a "qualifying small project" without certification of the commissioner of administration and approval of the JLCB and the state bond commission to be taken at up to 25% beginning on the second anniversary of certification of capital cost expenditures by DED.

Present law defines "capital costs" to include all costs and expenses incurred by one or more investing companies in connection with the acquisition, construction, installation, and equipping of a "qualifying project", but provides that "capital costs" shall not include property owned or leased by the investing company or a related party before the commencement of "qualified project" unless the property was physically located outside the state for a period of at least one year prior to the date the qualifying project was placed in service.

Present law defines "qualifying investment" to include the undertaking by one or more investing companies as a qualifying project.

Proposed law retains present law and defines "capital costs" and "qualifying investment" to also include a "qualifying small project".

Present law defines "qualifying project" to include a project to be sponsored or undertaken by a public port and one or more investing companies that has a capital cost of not less than $1.5 million dollars, and at which the predominant trade or business activity conducted will constitute warehousing or port and harbor activities, but excludes bulk liquid and gas facilities.

Proposed law changes a "qualifying project" from one with capital costs of not less than $1.5 million to one with capital costs not less than $5 million.

Proposed law adds a definition for a "qualifying small project" to include a project to be sponsored or undertaken by a public port and one or more investing companies that has a capital cost of less than $5 million dollars and at which the predominant trade or business activity conducted will constitute warehousing or port and harbor operations and cargo handling, including any port or port and harbor activity, excluding bulk liquid or gas facilities.

Present law authorizes the investor tax credit against state income and corporate franchise tax.

Proposed law adds authority to take the investor tax credit against the insurance premium tax.

Proposed law changes present law to require DED to grant a tax credit equal to 72% of the total "capital costs" of a "qualifying project" in a La. "port or port and harbor" to be taken from 5% per tax year to 10% and increases the maximum tax credit allowable per project per year from not to exceed $1.8 to 10 million and increases the limit to reduce tax liability from not to exceed $4.5 to $25 million in any fiscal year.

Proposed law adds requirement for DED to grant a tax credit equal to 100% of the total "capital costs" of a "qualifying small project" in a La. "port or port and harbor" to be taken up to 25% per tax year beginning with the second anniversary of the date DED certifies a projects capital costs and limits to $40 million the tax credits that may be certified in any one year.

Present law requires execution of a cooperative endeavor agreement between the investing company proposing a "qualifying project" and the public port in whose geographic jurisdiction the qualifying project is to be located indicating cooperation and support among all the parties.

Proposed law does not require execution of a cooperative endeavor agreement for a "qualifying small project".

Present law provides for application of the tax credit to entities not taxed as corporations on the returns of partners or members.

Proposed law retains present law and adds that application of the tax credit may be made in any manner in which the partners or members may agree in writing.

Present law provides for the certification and administration of the tax credit and requires DED to submit its initial certification of a project to the investing company and to the secretary of Dept. of Revenue. Further requires the Dept. of Transportation and Development to inspect the construction site of the qualifying project to verify that capital cost expenditures have been expended by the investing company.

Proposed law provides that certification and administration of the tax credit also applies to a "small qualifying project".

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

(Amends R.S. 47:6036(B)(2)(intro para) and (B)(2)(a), (c), and (d), (12), (13), and (14), (C)(1)(a)(intro para) and (a)(i), (b), and (2), and (4)(c)(intro para), and (D)(2)(c) and (d); adds R.S.

47:6036(B)(2)(15))