

2019 Regular Session

HOUSE BILL NO. 607

BY REPRESENTATIVE FOIL

TAX CREDITS: Provide for the public-private partnership investment program and authorizes the issuance of tax credits

1 AN ACT

2 To enact R.S. 47:6040, relative to tax credits; to establish a tax credit program for public-
3 private partnership investment in Louisiana infrastructure projects; to provide for the
4 amount of the credit; to provide for definitions; to establish eligibility requirements
5 for tax credit recipients; to provide for certification requirements; to provide for the
6 administration of the credit; to authorize the promulgation of rules and regulations;
7 to provide for implementation of the tax credit program; to provide for certain
8 limitations and requirements; to provide for an effective date; and to provide for
9 related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 47:6040 is hereby enacted to read as follows:

12 §6040. Louisiana-based public-private partnership investment tax credit program;
13 applications; limitations

14 A. Purpose. The primary purpose of this Section is to encourage the
15 development of a public-private partnership project office in Baton Rouge, Louisiana
16 to work cooperatively with the appropriate governmental entities and undertake the
17 work necessary to prepare five infrastructure projects in Louisiana for public-private
18 investment. These infrastructure projects could include bridges, airport
19 improvements, municipal convention and entertainment centers, light rail and
20 passenger rail project, and other projects to address large infrastructure needs in

1 Louisiana. It is in the best interest of this state to promote the development of public
2 infrastructure projects that are funded through a partnership of the private sector and
3 state and local governmental entities in Louisiana.

4 B. Definitions. For purposes of this Section, the following words shall have
5 the following meanings unless the context clearly indicates otherwise:

6 (1) "Designated Special Purpose Entity, hereinafter referred to as "DSPE"
7 shall mean a private sector quasi-public office in the State of Louisiana; established
8 by the Louisiana Public-Private Partnership Board to fund and operate a
9 public/private partnership project office, work cooperatively with the appropriate
10 governmental entities, and undertake the work necessary to prepare five
11 infrastructure projects in Louisiana for public-private investment. These
12 infrastructure projects could include bridges, airport improvements, municipal
13 convention and entertainment centers, light rail and passenger rail projects, and other
14 projects to address large infrastructure needs in Louisiana.

15 (2) "Louisiana Public-Private Partnership Board" shall consist of the
16 Commissioner of Administration, the Secretary of the Department of Economic
17 Development, the Secretary of the Department of Transportation and Development,
18 one member appointed by the Speaker of the House of Representatives, one member
19 appointed by the President of the Senate, and two members appointed by the
20 Governor.

21 (3) "Third Party Verification Entity" hereinafter referred to as "TPVE" shall
22 mean a state approved third party to verify to the state that the cash generated by the
23 sale of the tax credits is used for the purpose provided for in the Public-Private
24 Partnership Investment Tax Credit Program.

25 (4) "Project" shall mean and include public/private infrastructure projects
26 including bridges, airport improvements, municipal convention and entertainment
27 centers, light rail and passenger rail projects, and other projects to address large
28 public infrastructure needs in Louisiana and all real and personal properties deemed
29 necessary or useful in connection with the development thereof.

1 C. Tax Credit.

2 (1) There is hereby authorised a tax credit that can be used to offset any tax
3 imposed by the State out of Louisiana, including but not limited to, income and
4 corporate franchise taxes, individual income taxes, insurance premium taxes, and
5 bank taxes.

6 (2) The total aggregate amount of credits which may be certified and granted
7 by the secretary of the Department of Revenue in accordance with the provisions in
8 this Section shall not exceed fifty-five million dollars.

9 (3) Tax credits certified and granted by the secretary of the Department of
10 Revenue shall be transferred from the State of Louisiana to the DSPE and remain in
11 effect until utilized or sold back to the state.

12 (4) Tax credits granted to the DSPE may be sold or transferred by the DSPE
13 to any third-party.

14 (5) Tax credits granted to the DSPE shall become available to offset
15 Louisiana state tax liability at the rate of one-sixth of the value of the tax credits in
16 each of the years 2025 through 2030.

17 (6) Unused tax credits. If the owner of the tax credit is unable to use the
18 credit in the year to which they were allowed.

19 D. Third Party Verification

20 (1) The DSPE is required to utilize a state approved third-party to verify to
21 the state that the cash generated by the sale of the tax credits is used for the purpose
22 provided for in this Section.

23 (2) The cash generated by the sale of the tax credits shall be held by the
24 TPVE until advanced to the DSPE.

25 (3) The TPVE shall advance cash to the DSPE, as needed, and audit the work
26 of the public private partnership project office to ensure the funds generated by the
27 state tax credits are spent for the purposes outlined in this Section.

28 E. Certification and Administration.

1 (1) Tax Credit Carryforward or Repurchase. If the tax credit allowed
2 pursuant to this Section exceeds the amount of taxes due for such tax period, then the
3 taxpayer or owner may:

4 (a) Carry-forward the unused amount of tax credits to offset future tax
5 liability, or

6 (b) Make a written request to the secretary of the Department of Revenue for
7 the repurchase of those unused tax credits.

8 (i) The secretary of the Department of Revenue shall repurchase the tax
9 credits at the original purchase price paid for those tax credits, if a request is made
10 by the taxpayer or owner.

11 (2) The secretary of the Department of Revenue shall promulgate rules and
12 regulations in accordance with the Administrative Procedure Act as are necessary to
13 carry out the intent and purposes of this Section. All rules promulgated to implement
14 the provisions of this Section shall be subject to oversight and approval by the House
15 Ways and Means Committee and the Senate Committee on Revenue and Fiscal
16 Affairs.

17 G. Implementation of tax credits. Tax credits authorized pursuant to the
18 provisions of this Section shall be certified or granted after the date of enactment and
19 become eligible to be applied against tax liability at the rate of one-sixth of the value
20 of the tax credits on January 1, 2025, January 1, 2026, January 1, 2027, January 1,
21 2028, January 1, 2029, and January 1, 2030.

22 Section 2. This Act shall become effective upon signature by the governor or, if not
23 signed by the governor, upon expiration of the time for bills to become law without signature
24 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
25 vetoed by the governor and subsequently approved by the legislature, this Act shall become
26 effective on the day following such approval.

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 607 Original

2019 Regular Session

Foil

Abstract: Establishes the Public-Private Partnership Investment Tax Credit Program to encourage Louisiana infrastructure projects and provides for tax credits.

Proposed law creates the public-private partnership investment tax credit program.

Proposed law authorizes up to \$55 million in tax credits to offset any tax imposed by the state, including income and corporate franchise taxes, individual income taxes, insurance premium taxes, and bank taxes. One-sixth of the tax credits can be used in each of the years 2025 through 2030.

Proposed law provides for definitions including the Designated Special Purpose Entity (DSPE), the Louisiana Public-Private Partnership Board, and the Third Party Verification Entity (TPVE).

Proposed law provides a third party entity to verify the tax credit is use for the purpose agreed upon by the DSPE and will allow the TPVE to advance cash to the DSPE to audit the work of the P3 project office.

Proposed law further provides a credit carryforward and repurchase option for the taxpayer or owner.

Effective upon the signature of the Governor.

(Adds R.S. 47:6040)