

2021 Regular Session

HOUSE BILL NO. 131

BY REPRESENTATIVE COUSSAN

TAX CREDITS: Establishes an income tax credit for donations of property used for research or direct education of students to certain educational institutions

1 AN ACT

2 To enact R.S. 47:6042, relative to income tax credits; to establish an income tax credit for
3 certain donations to certain educational institutions; to provide for definitions; to
4 provide for the amount of the credit; to provide for requirements and limitations; to
5 authorize the promulgation of rules; to provide for applicability; and to provide for
6 related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:6042 is hereby enacted to read as follows:

9 §6042. Tax credit; contributions to educational institutions

10 A.(1) There shall be allowed an income tax credit for donations,
11 contributions, or sales below cost of tangible movable property, hereinafter
12 "property" made to educational institutions in Louisiana. In order to qualify for the
13 credit, software or courseware donated pursuant to the provisions of this Section
14 shall be compatible with the existing hardware of the educational institution. The
15 amount of the credit shall be equal to twenty-nine percent of the cost of new
16 property, twenty-nine percent of the appraised value of used property, or, in the case
17 of a sale below cost, twenty-nine percent of the difference between the price received
18 for the property by the taxpayer and the value of the property. The sale of used
19 property below cost means the sale of property below its appraised value. The
20 amount of the credit shall not exceed the taxpayer's total tax liability for the taxable

1 year for which the credit is being claimed and shall be in lieu of the deductions from
2 gross income provided for in R.S. 47:57.

3 (2) No credit shall be allowed if the taxpayer arbitrarily, capriciously, or
4 unreasonably discriminates against any person because of race, religion, ideas,
5 beliefs, or affiliations.

6 B. For purposes of this Section the following words shall have the following
7 meanings unless the context indicates otherwise:

8 (1) "Cost", in the case of a donation or sale by a wholesale or retail business,
9 means the amount actually paid by the wholesaler or retailer to the supplier for the
10 property. In the case of a donation or sale by a manufacturer, the term "cost" means
11 the lowest price at which the manufacturer sells the property. Cost shall not mean
12 the retail value of property.

13 (2) "Educational institution" means any public, private, or parochial
14 elementary school, secondary school, vocational-technical school, higher education
15 facility, community college, special school, or museum, or any public library in
16 Louisiana.

17 (3) "New" means the property is state of the art and has never been used
18 except for normal testing by the manufacturer to insure that the property is of a
19 proper quality and in good working order or has been used by the retailer or
20 wholesaler solely for the purpose of demonstrating the product to customers for sale.

21 (4) "State of the art machinery and equipment" means machinery and
22 equipment which is of the same type, design, and capability as like machinery and
23 equipment which is currently sold or manufactured by the donor for sale to
24 customers.

25 (5) "Tangible movable property" or "property" means state of the art
26 machinery, equipment, or other property of a sophisticated and technological nature,
27 including any computer or data processing equipment, either hardware, software, or
28 both, which is capable of being used for purposes of research, research training, or
29 direct education of students.

1 C.(1) Only donations, contributions, or sales of property approved and
2 accepted by the board charged with supervision and management of the educational
3 institution shall qualify for the credit authorized in this Section. Prior to any
4 donation, contribution, or purchase of property, the board of the educational
5 institution shall certify in writing that the property to be donated, contributed, or
6 purchased will only be used in research, research training, or direct education of
7 students.

8 (2) When new property is donated, contributed, or sold to an educational
9 institution, the donor or seller shall submit an invoice indicating the cost of the
10 property to the board of the educational institution. When used property is donated,
11 contributed, or sold to an educational institution, the educational institution shall
12 obtain an appraisal of the property. The educational institution shall furnish a
13 certification of the donation, contribution, or sale, to the donor or seller which shall
14 include the date and the value of the property donated, contributed, or sold. When
15 claiming the credit authorized in this Section, the donor shall attach the certification
16 to the income tax return filed with the Department of Revenue.

17 (3)(a) Any taxpayer contributing, donating, or selling property below cost
18 to an educational institution shall enter into an orientation agreement with the
19 educational institution receiving the property. The orientation must occur within two
20 weeks after installation of the property, must be provided at no cost to the
21 educational institution, and shall be provided at a location determined pursuant to the
22 agreement.

23 (b) If requested by the educational institution, the taxpayer contributing,
24 donating, or selling the property to an educational institution shall enter into a
25 minimum three-month maintenance or service agreement with the educational
26 institution in order to receive the tax credit provided for pursuant to the provisions
27 of this Section.

1 D. The secretary of the Department of Revenue may promulgate rules in
2 accordance with the Administrative Procedure Act as are necessary to implement the
3 provisions of this Section.

4 Section 2. The provisions of this Act shall be applicable for taxable years beginning
5 on or after January 1, 2022.

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 131 Original

2021 Regular Session

Coussan

Abstract: Establishes an income tax credit for donations or sales below cost to educational institutions in La. of state of the art machinery and equipment or other technological property used for research, research training, or direct education of students.

Proposed law establishes an income tax credit for donations or sales below cost of tangible movable property, hereinafter "property", made to educational institutions in Louisiana. The amount of the credit is equal to 29% of the cost of new property, 29% of the appraised value of used property, or, in the case of a sale below cost, 29% of the difference between the price received for the property by the taxpayer and the value of the property. The sale of used property below cost means the sale of property below its appraised value.

Proposed law limits the amount of the credit to the taxpayer's total tax liability for the taxable year for which the credit is claimed and is in lieu of other deductions provided for in present law. No credit is allowed if the taxpayer arbitrarily, capriciously, or unreasonably discriminates against any person because of race, religion, ideas, beliefs, or affiliations.

Proposed law defines "property" as state of the art machinery and equipment or other property of a sophisticated and technological nature, including any computer or data processing equipment, either hardware, software, or both, which is capable of being used for purposes of research, research training, or direct education of students.

Proposed law defines an "educational institution" as any public, private, or parochial elementary school, secondary school, vocational-technical school, higher education facility, community college, special school, or museum, or any public library in Louisiana.

Proposed law defines "cost", in the case of a donation or sale by a wholesale or retail business, as the amount paid by the wholesaler or retailer to the supplier for the property. In the case of a donation or sale by a manufacturer, "cost" shall mean the lowest price at which the manufacturer sells the property. "Cost" shall not mean the retail value of property.

Proposed law provides that only donations, contributions, or sales of property approved by the board of the educational institution shall qualify for the credit authorized in proposed law. Prior to any donation, the board shall certify in writing that the property to be donated or purchased will only be used in research, research training, or direct education of students.

Proposed law requires the donor or seller to furnish an invoice to the board indicating the cost of the property and when used property is donated the educational institution shall obtain an appraisal of the property. Proposed law requires the educational institution to furnish a certification of the donation or sale, which shall include the date and the value of

the property donated or sold. Further requires the donor to attach the certification to the income tax return filed with the Dept. of Revenue.

Proposed law requires a taxpayer making a contribution or selling property below cost to an educational institution to enter into a no-cost orientation agreement with the educational institution at a location determined pursuant to the agreement. Further requires, if requested, the taxpayer donating or selling the property to enter into a minimum three-month maintenance or service agreement with the educational institution.

Proposed law authorizes the Dept. of Revenue to promulgate rules as are necessary to implement the provisions of proposed law.

Proposed law provides that provisions of proposed law shall be applicable for taxable years beginning on or after Jan. 1, 2022.

(Adds R.S. 47:6042)