

2021 Regular Session

HOUSE BILL NO. 173

BY REPRESENTATIVE ECHOLS

TAX/INCOME-INDIV/EXEMPT: Establishes a corporate income tax credit for certain broker-dealer financial businesses

1 AN ACT

2 To enact R.S. 47:6042, relative to income tax; to establish a corporate income tax credit for
3 certain broker-dealer businesses; to provide for the amount of the credit; to provide
4 for requirements and limitations; to authorize the recapture of credits under certain
5 circumstances; to authorize the assessment and collection of interest under certain
6 circumstances; to provide for the termination of the credit; to provide for
7 applicability; to provide for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

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

10 §6042. Tax credit; broker-dealer financial businesses relocating to Louisiana

11 A.(1) There shall be allowed a credit against corporate income tax for a
12 broker-dealer financial firm in the business of buying and selling securities on its
13 behalf or on behalf of customers, hereinafter "broker-dealer", that establishes for the
14 first time or relocates a home office or headquarters in a downtown development or
15 cultural district in Louisiana. The amount of the credit shall equal fifty percent of
16 the broker-dealer's corporate income tax liability, and the credit shall be applied
17 against the taxpayer's liability for the subsequent tax year.

1 (2) In order to qualify for the credit authorized pursuant to this Section, the
2 broker-dealer shall meet all of the following requirements:

3 (a) The broker-dealer shall be subject to regulation by the Financial Industry
4 Regulatory Authority.

5 (b) The broker-dealer shall manage assets that exceed five hundred million
6 dollars at the time of applying for the credit and for each year the broker-dealer
7 claims the credit.

8 (c) The broker-dealer shall employ more than two hundred employees at its
9 home office or headquarters who have an average annual wage of at least fifty
10 thousand dollars exclusive of health insurance premium payments or contributions,
11 pension or retirement contributions, and other benefits.

12 B.(1) The taxpayer applying for the credit authorized pursuant to this Section
13 shall submit an application to the secretary of the Department of Economic
14 Development. After the secretary reviews the application and certifies that the
15 applicant meets all of the requirements of Subsection A of this Section, the secretary
16 shall execute a contract with the applicant for a period of up to five years providing
17 for the terms and conditions for participation in the tax credit program established
18 pursuant to this Section which shall include an annual attestation from the taxpayer
19 that all qualifications for participation in the program continue to be met. The
20 secretary shall review the contract annually to ensure that the applicant continues to
21 meet the requirements for participation in the program.

22 (2) The secretary of the Department of Economic Development shall notify
23 the secretary of the Department of Revenue in writing within thirty days of executing
24 a contract for the granting of tax credits pursuant to this Section. If after review of
25 the annual contract, the secretary of the Department of Economic Development
26 determines that the applicant no longer qualifies for the tax credit, the secretary of
27 the Department of Economic Development shall notify the secretary of the
28 Department of Revenue in writing within thirty days of the determination.

1 C. Tax credits granted pursuant to the provisions of this Section but later
2 disallowed in whole or in part may be recovered by the secretary of the Department
3 of Revenue from the taxpayer applicant through any collection remedy authorized
4 by R.S. 47:1561 that is initiated within three years from December thirty-first of the
5 year in which the credit was originally granted. The only interest that may be
6 assessed and collected on recovered credits is interest at the rate of three percentage
7 points above the rate provided for in R.S. 9:3500(B)(1) which shall be computed
8 from the original due date of the return on which the disallowed credit was taken.

9 D. No credits shall be granted pursuant to this Section nor may the secretary
10 of the Department of Economic Development enter into any new contract with an
11 applicant on or after January 1, 2032.

12 Section 2. The provisions of this Act shall be applicable to contracts entered into on
13 or after January 1, 2022, and shall be applicable for tax years beginning on or after January
14 1, 2022.

15 Section 3. This Act shall become effective on 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 173 Original

2021 Regular Session

Echols

Abstract: Establishes a corporate income tax credit equal to 50% of tax liability for broker-dealer financial firms who establish for the first time or relocate a home office or headquarters in a downtown development or cultural district in Louisiana.

Proposed law establishes a corporate income tax credit for a broker-dealer financial firm in the business of buying and selling securities on its behalf or on behalf of customers, hereinafter "broker-dealer", that establishes for the first time or relocates a home office or headquarters in a downtown development or cultural district in La. The amount of the credit shall equal 50% of the broker-dealer's corporate income tax liability, and the credit shall be applied against the taxpayer's liability for the subsequent tax year.

Proposed law requires a broker-dealer to meet all of the following requirements in order to qualify for the credit:

- (1) Be subject to regulation by the Financial Industry Regulatory Authority.
- (2) Manage assets that exceed \$500M dollars at the time of applying for the credit and for each year the broker-dealer claims the credit.

- (3) Employ more than 200 employees at its home office or headquarters who have an average annual wage of at least \$50,000 exclusive of health insurance premium payments, pension or retirement contributions, and other benefits.

Proposed law requires the taxpayer to submit an application to the secretary of the Dept. of Economic Development (DED). After the secretary certifies that the applicant meets all of the requirements of proposed law, the secretary shall execute a contract with the applicant for a period of up to five years providing for the terms and conditions for participation in this tax credit program which shall include an annual attestation that the taxpayer continues to meet all qualifications for participation in the program. Further requires an annual review of the contract to ensure that the applicant continues to meet the requirements for participation in the program.

Proposed law requires the secretary of the Dept. of Revenue (DOR) to be notified in writing within 30 days of execution of a contract for the granting of tax credits. If the secretary of DED determines that an applicant no longer qualifies for the tax credit, the secretary of DED shall notify the secretary of DOR in writing within 30 days of the determination.

Proposed law provides for the recovery of disallowed credits and authorizes the assessment and collection of interest at the rate of 3% above the rate provided for in present law to be computed from the original due date of the return on which the disallowed credit was taken.

Proposed law prohibits credits from being granted and the secretary of DED from entering into any new contract with an applicant on or after Jan. 1, 2032.

Proposed law applicable to contracts entered into on or after Jan. 1, 2022, and shall be applicable for tax years beginning on or after Jan. 1, 2022.

Effective Jan. 1, 2022.

(Adds R.S. 47:6042)