

GREEN SHEET REDIGEST

HB 680

2021 Regular Session

Hughes

TAX CREDITS: Establishes the Louisiana Youth Jobs Tax Credit Program

DIGEST

Proposed law establishes a tax credit for employers who employ one or more "eligible youth". Defines "eligible youth" as a person who meets all of the following criteria:

- (1) Is between the ages of 16 and 24.
- (2) Is unemployed prior to being hired by a business applying for the credit provided pursuant to proposed law.
- (3) Will be working in a full-time or part-time position that pays wages equivalent to wages paid for similar jobs. Defines "full-time position" as one in which a person works at least 32 hours per week; defines "part-time position" as one in which a person works at least 20 hours per week but less than 32 hours per week.
- (4) Meets at least one of certain other criteria provided in proposed law that includes, but is not limited to: is homeless, is a veteran, is a member of a family that is receiving benefits through the Supplemental Nutrition Assistance Program, or is currently or was in foster care.

Within 60 days of being hired, proposed law requires an eligible youth to provide to the hiring business proof of age and of meeting eligibility criteria provided in proposed law. Requires the hiring business to submit or maintain proof that each eligible youth meets eligibility criteria, as required by the secretary of the Dept. of Revenue (DOR).

Tax Credit

Proposed law provides that the credit applies for taxable years beginning after July 1, 2021, and that any credit provided pursuant to proposed law shall be non-refundable. Requires the credit to be taken against La. income tax or corporate franchise tax.

Further provides that a credit is earned for each eligible youth who works at least three consecutive months in a full-time or part-time position at the business. Proposed law provides that the credit shall equal \$1,250 for each qualifying eligible youth in a full-time position and \$750 for each qualifying eligible youth in a part-time position.

Proposed law caps the maximum amount of tax credits that may be granted in a given year at \$5 million. Requires DOR to promulgate rules providing for allocation of available tax credits.

Proposed law provides that if the tax credit earned for the taxable period exceeds the amount of taxes due, then the taxpayer may carry forward as a credit the unused portion for up to five years.

Requires all entities taxed as corporations to claim the credit authorized pursuant to proposed law on their corporation income and franchise tax return. Individuals, estates, and trusts are required to claim the credit on their income tax returns. Further outlines requirements for claiming the credit by business entities that are not taxed as corporations.

Provides that if a credit is later disallowed, DOR may recover the disallowed credit through any collection remedy authorized in present law relative to nonrefundable tax credits.

Authorizes the Dept. of Revenue to promulgate rules in accordance with the Administrative Procedure Act to execute proposed law.

Further prohibits a taxpayer from receiving any other incentive for the job creation or hiring of an eligible youth for which the taxpayer has received a credit pursuant to proposed law.

Proposed law provides that no credit shall be earned after Dec. 31, 2025.

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

(Adds R.S. 47:6028)

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Specify that a "part-time position" is one in which a person works at least 20 hours per week but less than 32 hours per week.
2. Authorize DOR to use any collection remedy authorized in present law relative to the recovery of nonrefundable tax credits to recover any credit issued pursuant to proposed law that is subsequently disallowed.
3. Prohibit credits from being *earned* after Dec. 31, 2025 rather than prohibit credits from being *granted* after that date.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill

1. Changes the cap on the tax credits from \$7.5 million to \$5 million.
2. Deletes provision authorizing the carry forward of the excess credit cap to subsequent calendar years.