
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Danielle B. Clapinski.

DIGEST

SB 170 Original

2023 Regular Session

Carter

Proposed law authorizes an income tax credit for expenses associated with construction of a qualifying project in this state. The maximum amount of the credit shall be equal to 50% of the eligible expenditures of the qualifying project, not to exceed \$50,000 per project. The total aggregate amount of credits which may be certified and granted by the Department of Economic Development (DEQ) shall not exceed \$1,000,000 over the life of the pilot program. Proposed law authorizes tax credits certified and granted by DEQ to be structured over time depending on the applicant and the nature of the business.

Proposed law provides that tax credits shall be earned at the time expenditures are made by an applicant; however, tax credits shall not be claimed until project's eligible expenditures are certified by DEQ, and cannot be claimed for tax periods prior to Jan. 1, 2024.

Proposed law defines "eligible expenditures" to include land, buildings, or other improvements, and all moveable and immovable properties deemed necessary or useful in connection therewith. The term also includes machinery equipment, materials, products or commodities owned by a manufacturing, fabrication, assembly, distribution, processing, or warehousing facility located in Louisiana that are classified as capital expenditures for federal income tax purposes.

Proposed law defines a "qualifying project" as a project undertaken by a manufacturing establishment that has a minimum capital cost of not more than \$5,000,000 and at which the predominant trade or business activity will constitute manufacturing products or assembling raw materials into a marketable product in this state. Proposed law excludes manufacturing of chemicals or bulk liquid or gas facilities from the definition of a "qualifying project".

Proposed law requires the credit to be granted for a qualifying project if the commissioner of administration, after approval of the Joint Legislative Committee on the Budget, certifies that securing the project will result in a significant positive economic benefit to the state.

Proposed law authorizes DEQ to grant a credit in a lesser amount if the lesser amount is warranted by the significant positive economic benefit determined by the commissioner. The total amount of credits granted on a project shall not exceed the total cost of the project.

Proposed law authorizes the carry forward of tax credit amounts against subsequent tax liability if the amount of the credit exceeds the applicant's tax liability for a period not to exceed five years.

Proposed law authorizes the secretary of DEQ, in consultation with the Department of Revenue, to determine which projects and expenditures qualify for tax credits.

Proposed law provides for an application process for initial certification of the qualifying project which includes submission of information such as a preliminary budget, the estimated capital costs of the project, the project's estimated La. payroll, and estimated start and completion dates.

Proposed law requires, prior to final certification of a qualifying project, an applicant to submit a cost report of project expenditures which DEQ shall require to be prepared by an independent certified public accountant prior to issuance of final certification. Further requires DEQ to review the expenditures and to issue a tax certification letter to the applicant and to the Department of Revenue indicating the amount of tax credits certified for the qualifying project and the amount of tax credits that may be taken each tax year.

Proposed law requires a taxpayer applying for the credit to reimburse DEQ for any audit required in relation to granting the credit.

Proposed law provides for the recapture and recovery of credits by the Department of Revenue through any collection remedy authorized by present law and sets forth specific prescriptive periods in which the proceedings to recover tax credits must be initiated. Further authorizes the assessment and collection of interest on recovered credits.

Proposed law prohibits tax credits from being certified or applied against tax liability before Jan. 1, 2024. Further prohibits tax credits from being issued or initial certifications from being granted by DEQ on or after Jan. 1, 2026.

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

(Adds R.S. 47:6043)