
DIGEST

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HB 598 Original

2025 Regular Session

Echols

Abstract: Authorizes an income tax credit for manufacturers of motor vehicles, aerospace products and parts, and medical equipment and supplies based on amounts of those businesses' capital investments.

Proposed law authorizes a credit against La. income tax for any taxable year in which a qualifying taxpayer places qualified manufacturing and productive equipment property in service.

Proposed law provides that "qualifying taxpayer" means any motor vehicle manufacturer, aerospace products and parts manufacturer, or medical equipment and supplies manufacturer, all as designated by the North American Industry Classification System.

Proposed law defines "qualified manufacturing and productive equipment property" as any property that meets all of the following qualifications:

- (1) It is used as an integral part of manufacturing or production.
- (2) It is tangible property to which Section 168 of the Internal Revenue Code (IRC) applies.
- (3) It is deemed Section 1245 property in accordance with the IRC.
- (4) The property is acquired by the taxpayer and its original use commences with the taxpayer within this state or it is constructed, reconstructed, or erected by the taxpayer within this state.

Proposed law stipulates that in certain specified cases, computer software used to control or monitor a manufacturing or production process inside this state may be deemed qualified manufacturing and productive equipment property for purposes of the credit.

Proposed law provides that the amount of the credit shall equal the aggregate of all of the following:

- (1) 0.5% of total aggregate bases for all three-year property that qualifies.
- (2) 1.0% of total aggregate bases for all five-year property that qualifies.
- (3) 1.5% of total aggregate bases for all seven-year property that qualifies.

- (4) 2% of total aggregate bases for all 10-year property that qualifies.
- (5) 2.5% of total aggregate bases for all 15-year or greater property that qualifies.

Proposed law limits the allowable amount of the credit to \$10M per qualifying taxpayer per taxable year.

Proposed law establishes that, for its purposes, property classifications shall be determined based on the applicable recovery period for the property provided in the IRC.

Proposed law provides that if the credit exceeds the amount of taxes due from a qualifying taxpayer for a taxable period, then any unused credit amount may be carried forward by the taxpayer as a credit against subsequent tax liability for a period not to exceed 10 years. Stipulates, however, that the amount of the credit applied in a taxable period shall not exceed the amount of taxes due from the taxpayer for that period.

Proposed law sets forth requirements and procedures for recapture of credits in cases of taxpayers disposing of qualified manufacturing and productive equipment property before the end of its recovery period or removing that property from La.

Proposed law provides that no taxpayer shall be eligible for any other state tax credit or any other state tax preference for activity for which the taxpayer receives a credit pursuant to proposed law.

Proposed law applies to taxable periods beginning on or after Jan. 1, 2026.

Effective Jan. 1, 2026.

(Adds R.S. 47:6003)