

Prior law granted refundable and transferable research and development tax credits for expenditures incurred or Small Business Innovation Research Grant funds received through December 31, 2013.

New law changes the termination date of the credit program from June 30, 2013 to December 31, 2019.

Prior law granted a credit if a taxpayer claims for the taxable year a federal income tax credit under 26 U.S.C. §41(a) of 8% of the "state's apportioned share" of the taxpayer's expenditures for increasing research activities, if the taxpayer employed 100 or more Louisiana residents; 25% if he employed 50 to 99 Louisiana residents.

The "state's apportioned share" was defined as the excess of the taxpayer's qualified research expenses for the taxable year over the base amount as defined in the federal law, multiplied by a percentage equal to the ratio of the qualified research expenses in the state for the taxable year to the taxpayer's total qualified research expenses for the taxable year.

New law grants a "credit" of 8% of the difference of the "Louisiana qualified research expenses" as defined in 26 U.S.C. §41 for the taxable year minus the "base amount", if the taxpayer employs 100 "persons" in the state; 20% if he employs 50 to 99 "persons".

"Base amount" is defined as 70% of the average annual "qualified research expenses within Louisiana" during the three years preceding the taxable year.

Prior law granted a credit if a taxpayer claims for the taxable year a federal income tax credit under 26 U.S.C. §41(b) of 40% of the "state's apportioned share" of the taxpayer's qualified research expenses conducted in this state if the taxpayer employed fewer than 50 Louisiana residents.

New law grants a credit of 40% of the "Louisiana qualified research expenses" as defined in 26 U.S.C. §41 for the taxable year if the taxpayer employs fewer than 50 "persons".

Prior law granted a further credit of 25% of the state's apportioned share of the federal research credit claimed for research expenditures in the state if the taxpayer claimed the alternative incremental tax credit under 26 U.S.C. §41. New law deletes this provision.

Prior law authorized a taxpayer who receives a federal Small Business Innovation Research Grant a credit in an amount equal to 40% of the award received during the tax year.

New law requires the size of the "entity" for purposes of determining the amount of the credit earned to be determined by the total number of employees based on the aggregate of all affiliated companies.

Prior law provided that certain entities, individuals, and estates or trusts can claim the credit.

New law prohibits a taxpayer from receiving any other incentive administered by DED for any expenditures for which he receives a credit.

New law specifically grants DED the authority to audit all relevant records and accounts of applicants for the credit.

Applicable to tax years beginning on and after January 1, 2011.

New law requires secretary of the DED to report each January 30th to the Joint Legislative Committee on the Budget information concerning the granting and denial of tax credits and rebates ("tax incentives") administered by the department, including a list of recipients of each tax incentive and applicants denied tax incentives over the past calendar year, and the names and primary place of business of each applicant.

Effective July 25, 2011.

(Amends R.S. 47:6015; adds R.S. 47:6038 and R.S. 51:2306)