

2015 Regular Session

HOUSE BILL NO. 547

BY REPRESENTATIVE WOODRUFF

TAX CREDITS: Establishes a tax credit for qualified businesses that sell fresh food in an area designated as a food desert

1 AN ACT

2 To enact R.S. 47:6039, relative to tax credits; to authorize an income and corporation
3 franchise tax credit for certain businesses that sell fresh food products in an area
4 designated as a food desert; to provide for the amount and use of the credit; to
5 provide for qualifications for receipt of a credit; to provide for administration of a
6 tax credit program; to require applications; to provide for limitations; to authorize
7 rulemaking; to provide for effectiveness; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:6039 is hereby enacted to read as follows:

10 §6039. Food desert tax credit for fresh food businesses

11 A. There is hereby established a program to award a tax credit to be allowed
12 against Louisiana income and corporation franchise taxes for a qualified fresh food
13 business that meets the requirements of this Section with regard to verifiable
14 business activity within a food desert.

15 B. Definitions. As used in this Section, the following words and phrases
16 shall have the following meanings unless the context indicates otherwise:

17 (1) "Food desert" means a low income census tract where at least five
18 hundred persons or at least thirty-three percent of the census tract's population live
19 more than one mile from a supermarket or large grocery store for a metropolitan

1 census tract, and more than 10 miles from a supermarket or large grocery store for
2 a non-metropolitan census tract.

3 (2) "Fresh food business" means a business entity located in a food desert
4 area that maintains and operates a business of selling fresh food products at
5 wholesale or retail.

6 (3) "Fresh food products" means fresh meat, produce, and dairy products.

7 (4) "Program" means the program administered by the Department of
8 Economic Development for purposes of the tax credit authorized by this Section.

9 C. The Department of Economic Development shall develop a program to
10 make businesses in a food desert community aware of the tax credit and also to
11 provide a procedure for application for participation in the program. The department
12 shall establish a procedure whereby a business' qualifications for the credit may be
13 verified for certification for the issuance of a tax credit.

14 D. A fresh food business may qualify for a tax credit in any year that it can
15 and on or after December 1st and on or before December 31st provide verifiable
16 records substantiating that all of the following requirements have been met based on
17 calendar year-to-date information at the time of application:

18 (1) Total gross sales were less than fifteen million dollars.

19 (2) At least twenty percent of gross sales were derived from the sale of fresh
20 food products.

21 (3) At least fifteen percent of inventory was purchased from Louisiana
22 domiciled companies.

23 E. Based upon information provided as required in Subsection D of this
24 Section, the Department of Economic Development shall determine whether the
25 business is qualified to receive a tax credit for that year. A business which is deemed
26 qualified by the department shall be issued a tax credit in an amount equal to one
27 percent of the gross sales for the most recently ended tax year, or ten thousand
28 dollars, whichever is less.

1 F. The credit provided for in this Section shall be earned on the last day of
2 each calendar year and may be claimed against income for the taxable year that
3 includes the day on which the credit is earned or for the succeeding franchise tax
4 year.

5 G. The total aggregate amount of tax credits awarded under this Section in
6 any calendar year shall not exceed two million dollars.

7 H. The Department of Economic Development shall promulgate rules and
8 regulations in accordance with the Administrative Procedure Act as may be
9 necessary to implement this Section. Such rules may require the retention of records
10 and the submission of specific documents by a taxpayer claiming the credit.

11 I. The provisions of this Act shall be effective for all taxable periods
12 beginning on or after January 1, 2016.

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 547 Original

2015 Regular Session

Woodruff

Abstract: Establishes a tax credit for qualified fresh food businesses that sell fresh food products in an area designated as a food desert community.

Proposed law establishes a tax credit program for credits against La. income and corporation franchise taxes for those qualified fresh food businesses that meet the requirements of proposed law with regard to verifiable business activity within a food desert.

Proposed law provides for definitions, including:

- (1) "Fresh food business" means a business entity located in a food desert area that maintains and operates a business of selling fresh food products at wholesale or retail.
- (2) "Food desert" means a low income census tract where at least 500 persons or at least 33% of the census tract's population live more than one mile from a supermarket or large grocery store for a metropolitan census tract, and more than 10 miles from a supermarket or large grocery store for a non-metropolitan census tract.

Proposed law requires that the Department of Economic Development ("department") develop a program to make businesses in a food desert community aware of the tax credit. The program shall include requirements for application for participation in the program, as well as a procedure whereby a business' qualifications for the credit may be verified.

Proposed law provides that a fresh food business shall qualify for a tax credit in any year that on or after Dec. 1st and on or before Dec. 31st it can provide verifiable records substantiating that all of the following requirements have been met based on calendar year-to-date information at the time of application:

- (1) Total gross sales were less than \$15 million.
- (2) At least 20% of gross sales were derived from the sale of fresh food products.
- (3) At least 15% of inventory was purchased from La. domiciled companies.

Proposed law provides that the amount of the tax credit shall be equal to 1% of the gross sales for the most recently ended tax year, or \$10,000, whichever is less.

Proposed law limits the total aggregate amount of tax credits awarded under proposed law in any calendar year to \$2 million.

Proposed law authorizes rulemaking by the Department of Economic Development in accordance with the Administrative Procedure Act.

Proposed law is effective for taxable periods beginning on or after January 1, 2016.

Effective July 1, 2015.

(Adds R.S. 47:6039)