

2017 Regular Session

SENATE BILL NO. 172

BY SENATOR MORRELL

TAX/TAXATION. Terminates certain tax credits as of January 1, 2019. (8/1/17)

1 AN ACT
2 To amend and reenact R.S. 47:227, 265, 287.664 all as amended by Act No. 125, Section 5
3 of the 2015 Regular Session of the Legislature, R.S. 47:297.2, the heading of R.S.
4 47:6005, the introductory paragraph of R.S. 47:6007(C)(1), 6015(J), and the
5 introductory paragraph of R.S. 47:6023(C)(1) as amended by Act 125, Section 5 of
6 the 2015 Regular Session of the Legislature, to enact R.S. 25:1226.4(D), R.S.
7 47:34(F), 35(E), 37(I), 287.748(D), 287.749(E), 287.752(D), 287.753(E), 287.755(I),
8 287.756(F), 287.758(D), 287.759(D), 297(Q), 297.4(C), 297.8(C), 297.9(D),
9 6004(D), 6005(H), 6006(F), 6006.1(H), 6008(E), 6009(G), 6012(G), 6013(E),
10 6014(G), 6015(M), 6016.1(O), 6017(D), 6018(G), 6022(K), 6025(E), 6032(I),
11 6034(L), 6035(I), 6036(L), 6037(J), 6104(E), 6105(C), 6106(F), and 6107(D), and
12 R.S. 51:1787(L), 1807(F), 1924(H), 2354(D), 2399.3(C), and 3085(F), relative to tax
13 credits; to provide for the sunset of certain tax credits; to provide for an effective
14 date; and to provide for related matters.
15 Be it enacted by the Legislature of Louisiana:
16 Section 1. R.S. 25:1226.4(D) is hereby enacted to read as follows:
17 §1226.4. Tax exemptions and credits

* * *

D. Beginning January 1, 2019, no contracts shall be entered into for credits pursuant to the provisions of this Section.

* * *

Section 2. R.S. 47:227, 265, 287.664 all as amended by Act No. 125, Section 5 of the 2015 Regular Session of the Legislature, R.S. 47:297.2, the heading of R.S. 47:6005, the introductory paragraph of R.S. 47:6007(C)(1), 6015(J), and the introductory paragraph of R.S. 47:6023(C)(1) as amended by Act 125, Section 5 of the 2015 Regular Session of the Legislature are hereby amended and reenacted and R.S. 47:34(F), 35(E), 37(I), 287.748(D), 287.749(E), 287.752(D), 287.753(E), 287.755(I), 287.756(F), 287.758(D), 287.759(D), 297(Q), 297.4(C), 297.8(C), 297.9(D), 6004(D), 6005(H), 6006(F), 6006.1(H), 6008(E), 6009(G), 6012(G), 6013(E), 6014(G), 6015(M), 6016.1(O), 6017(D), 6018(G), 6022(K), 6025(E), 6032(I), 6034(L), 6035(I), 6036(L), 6037(J), 6104(E), 6105(C), 6106(F), and 6107(D) are hereby enacted to read as follows:

§34. Corporation tax credit

* * *

F. The credit provided for pursuant to the provisions of this Section shall terminate and shall have no effect beginning January 1, 2019.

§35. Neighborhood assistance tax credit

* * *

E. The credit provided for pursuant to the provisions of this Section shall terminate and shall have no effect beginning January 1, 2019.

* * *

§37. Tax credit for contributions to educational institutions

* * *

I. The credit provided for pursuant to the provisions of this Section shall terminate and shall have no effect beginning January 1, 2019.

* * *

§227. Offset against tax

1 A. Every insurance company shall be entitled to an offset against any tax
2 incurred under this Chapter, in the amount of any taxes, based on premiums, paid by
3 it during the preceding twelve months, by virtue of any law of this state.

4 **B. The offset provided for pursuant to the provisions of this Section shall**
5 **terminate and shall have no effect beginning January 1, 2019.**

6 * * *

7 §265. Credits arising from refunds by utilities

8 A. Whenever a utility refunds to its customers, pursuant to an order of a
9 court or regulatory agency as a result of the denial of a proposed rate increase, an
10 amount or amounts which, if taken as a deduction from gross income in the year paid
11 or accrued, would result in a net loss, then in lieu of such deduction the utility may
12 elect to take a credit against its Louisiana income tax in the amount of the income
13 tax increase which was the sole result of the inclusion of the amount or amounts
14 refunded in gross income in the year or years received irrespective of whether or not
15 the period of limitation provided in R.S. 47:1623 has expired for the year in which
16 the amount refunded was included in gross income. If this credit exceeds the income
17 tax that would be due the State of Louisiana in the year of the refund, computed
18 without the credit, then the excess of this credit may be carried over the following
19 two taxable years.

20 **B. The credit provided for pursuant to the provisions of this Section**
21 **shall terminate and shall have no effect beginning January 1, 2019.**

22 * * *

23 §287.664. Credits arising from refunds by utilities

24 A. Whenever a utility refunds to its customers, pursuant to an order of a
25 court or regulatory agency as a result of the denial of a proposed rate increase, an
26 amount or amounts which, if taken as a deduction from gross income in the year paid
27 or accrued, would result in a net loss, then in lieu of such deduction the utility may
28 elect to take a credit against its Louisiana income tax in the amount of the income
29 tax increase which was the sole result of the inclusion of the amount or amounts

1 refunded in gross income in the year or years received irrespective of whether or not
2 the period of limitation provided in R.S. 47:1623 has expired for the year in which
3 the amount refunded was included in gross income. If this credit exceeds the income
4 tax that would be due the state of Louisiana in the year of the refund, computed
5 without the credit, then the excess of this credit may be carried over the following
6 two taxable years.

7 **B. The credit provided for pursuant to the provisions of this Section**
8 **shall terminate and shall have no effect beginning January 1, 2019.**

9 * * *

10 §287.748. Corporation tax credit; re-entrant jobs credit

11 * * *

12 **D. The credit provided for pursuant to the provisions of this Section**
13 **shall terminate and shall have no effect beginning January 1, 2019.**

14 * * *

15 §287.749. Jobs credit

16 * * *

17 **E. The credit provided for pursuant to the provisions of this Section**
18 **shall terminate and shall have no effect beginning January 1, 2019.**

19 * * *

20 §287.752. Tax credit for employment of first-time nonviolent offenders

21 * * *

22 **D. The credit provided for pursuant to the provisions of this Section**
23 **shall terminate and shall have no effect beginning January 1, 2019.**

24 §287.753. Neighborhood assistance tax credit

25 * * *

26 **E. The credit provided for pursuant to the provisions of this Section**
27 **shall terminate and shall have no effect beginning January 1, 2019.**

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29 §287.755. Tax credit for contributions to educational institutions

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I. The credit provided for pursuant to the provisions of this Section shall terminate and shall have no effect beginning January 1, 2019.

§287.756. Tax credit for environmental equipment purchases

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F. The credit provided for pursuant to the provisions of this Section shall terminate and shall have no effect beginning January 1, 2019.

§287.758. Tax credit for bone marrow donor expense

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D. The credit provided for pursuant to the provisions of this Section shall terminate and shall have no effect beginning January 1, 2019.

§287.759. Tax credit for employee and dependent health insurance coverage

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D. The credit provided for pursuant to the provisions of this Section shall terminate and shall have no effect beginning January 1, 2019.

§297. Reduction to tax due

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Q. The credits provided for pursuant to the provisions of this Section shall terminate and shall have no effect beginning January 1, 2019.

§297.2. Reduction to tax due

* * *

A. A person who maintains a household ~~which~~ **that** includes one or more dependents who are physically or mentally incapable of caring for themselves may take as a credit against the state income tax imposed by this Part the full amount of a tax credit equal to the applicable percentage of employment-related expenses allowable pursuant to Section 21 of the Internal Revenue Code. Any tax credit otherwise allowed under this Section ~~which~~ **that** is not used by the taxpayer in a

1 particular year may be carried forward and offset against the taxpayer's tax liability
2 for the next succeeding tax year.

3 **B. The credit provided for pursuant to the provisions of this Section**
4 **shall terminate and shall have no effect beginning January 1, 2019.**

5 * * *
6 §297.4. Reduction to tax due; certain child care expenses

7 * * *

8 **C. The credit provided for pursuant to the provisions of this Section**
9 **shall terminate and shall have no effect beginning January 1, 2019.**

10 * * *
11 §297.8. Earned income tax credit

12 * * *

13 **C. The credit provided for pursuant to the provisions of this Section**
14 **shall terminate and shall have no effect beginning January 1, 2019.**

15 §297.9. Reduction to tax due; amounts paid by certain military servicemembers and
16 dependents for certain hunting and fishing licenses

17 * * *

18 **D. The credit provided for pursuant to the provisions of this Section**
19 **shall terminate and shall have no effect beginning January 1, 2019.**

20 * * *
21 §6004. Employer credit

22 * * *

23 **D. The credit provided for pursuant to the provisions of this Section**
24 **shall terminate and shall have no effect beginning January 1, 2019.**

25 §6005. Qualified new recycling manufacturing or process equipment ~~and/or~~ **and**
26 service contracts

27 * * *

28 **H. The credit provided for pursuant to the provisions of this Section**
29 **shall terminate and shall have no effect beginning January 1, 2019.**

1 §6006. Tax credits for local inventory taxes paid

2 * * *

3 **F. The credit provided for pursuant to the provisions of this Section**
4 **shall terminate and shall have no effect beginning January 1, 2019.**

5 §6006.1. Tax credits for taxes paid with respect to vessels in Outer Continental
6 Shelf Lands Act Waters

7 * * *

8 **H. The credit provided for pursuant to the provisions of this Section**
9 **shall terminate and shall have no effect beginning January 1, 2019.**

10 §6007. Motion picture investor tax credit

11 * * *

12 C. Investor tax credit; specific productions and projects.

13 (1) ~~There~~ **Until January 1, 2019, there** is hereby authorized a tax credit
14 against state income tax for Louisiana taxpayers for investment in state-certified
15 productions. The tax credit shall be earned by investors at the time expenditures are
16 made by a motion picture production company in a state-certified production.
17 However, credits cannot be applied against a tax or transferred until the expenditures
18 are certified by the office and the secretary. For state-certified productions,
19 expenditures shall be certified no more than twice during the duration of a state-
20 certified production unless the motion picture production company agrees to
21 reimburse the office for the costs of any additional certifications. The tax credit shall
22 be calculated as a percentage of the total base investment dollars certified per
23 project.

24 * * *

25 §6008. Tax credits for donations made to assist playgrounds in economically
26 depressed areas

27 * * *

28 **E. The credit provided for pursuant to the provisions of this Section**
29 **shall terminate and shall have no effect beginning January 1, 2019.**

1 §6009. Louisiana Basic Skills Training Tax Credit

2 * * *

3 **G. Sunset. The credit provided for pursuant to the provisions of this**
4 **Section shall terminate and shall have no effect beginning January 1, 2019.**

5 * * *

6 §6012. Employer tax credits for donations of materials, equipment, advisors, or
7 instructors

8 * * *

9 **G. The credit provided for pursuant to the provisions of this Section**
10 **shall terminate and shall have no effect beginning January 1, 2019.**

11 §6013. Tax credits for donations made to public schools

12 * * *

13 **E. The credit provided for pursuant to the provisions of this Section**
14 **shall terminate and shall have no effect beginning January 1, 2019.**

15 §6014. Credit for property taxes paid by certain telephone companies; fund

16 * * *

17 **G. The credit provided for pursuant to the provisions of this Section**
18 **shall terminate and shall have no effect beginning January 1, 2019.**

19 §6015. Research and development tax credit

20 * * *

21 J. No credit shall be allowed pursuant to this Section for research
22 expenditures incurred or Small Business Innovation Research Grant Funds received
23 after ~~December 31, 2019~~ **December 31, 2018.**

24 * * *

25 **M. The credit provided for pursuant to the provisions of this Section**
26 **shall terminate and shall have no effect beginning January 1, 2019.**

27 * * *

28 §6016.1. Louisiana New Markets Jobs Act; premium tax credit

29 * * *

1 **O. The credit provided for pursuant to the provisions of this Section**

2 **shall terminate and shall have no effect beginning January 1, 2019.**

3 §6017. Tax credits for certain expenses paid by economic development corporations

4 * * *

5 **D. The credit provided for pursuant to the provisions of this Section**

6 **shall terminate and shall have no effect beginning January 1, 2019.**

7 §6018. Tax credits for purchasers from "PIE contractors"

8 * * *

9 **G. The credit provided for pursuant to the provisions of this Section**

10 **shall terminate and shall have no effect beginning January 1, 2019.**

11 * * *

12 §6022. Digital interactive media and software tax credit

13 * * *

14 **K. No project shall be certified to receive the credit authorized by this**

15 **Section after December 31, 2018. The credit provided for pursuant to the**

16 **provisions of this Section shall terminate and shall have no effect beginning**

17 **January 1, 2019.**

18 §6023. Sound recording investor tax credit

19 * * *

20 C. Investor tax credit; state-certified productions and infrastructure projects.

21 (1) Until January 1, ~~2020~~ **2019**, there is hereby authorized a credit against the
22 state income tax for investments made in state-certified productions and state-
23 certified sound recording infrastructure projects. The tax credit shall be earned by
24 investors at the time expenditures are certified by the Louisiana Department of
25 Economic Development according to the total base investment certified for the sound
26 recording production company per calendar year; however, no credit shall be allowed
27 under this Section for any expenditures for which a credit was granted under R.S.
28 47:6007. For state-certified productions certified on and after July 1, 2007, and
29 state-certified infrastructure projects which have applied on or before August 1,

1 2009, each investor shall be allowed a tax credit of twenty-five percent of the base
2 investment made by that investor in excess of fifteen thousand dollars or, if a
3 resident of this state, in excess of five thousand dollars.

4 * * *

5 §6025. Tax credit for Louisiana Citizens Property Insurance Corporation assessment

6 * * *

7 **E. The credit provided for pursuant to the provisions of this Section**
8 **shall terminate and shall have no effect beginning January 1, 2019.**

9 * * *

10 §6032. Tax credit for certain milk producers

11 * * *

12 **I. The credit provided for pursuant to the provisions of this Section shall**
13 **terminate and shall have no effect beginning January 1, 2019.**

14 §6034. Musical and theatrical production income tax credit

15 * * *

16 **L. Sunset. No project shall be certified to receive the credit authorized**
17 **by this Section after December 31, 2018. The credit provided for pursuant to**
18 **the provisions of this Section shall terminate and shall have no effect beginning**
19 **January 1, 2019.**

20 §6035. Tax credit for conversion of vehicles to alternative fuel usage

21 * * *

22 **I. The credit provided for pursuant to the provisions of this Section shall**
23 **terminate and shall have no effect beginning January 1, 2019.**

24 §6036. Ports of Louisiana tax credits

25 * * *

26 **L. The credits provided for pursuant to the provisions of this Section**
27 **shall terminate and shall have no effect beginning January 1, 2019.**

28 §6037. Tax credit for "green job industries"

29 * * *

1 **J. The credit provided for pursuant to the provisions of this Section shall**
2 **terminate and shall have no effect beginning January 1, 2019.**

3 * * *

4 §6104. Child care expense tax credit

5 * * *

6 **E. The credit provided for pursuant to the provisions of this Section**
7 **shall terminate and shall have no effect beginning January 1, 2019.**

8 §6105. Child care provider tax credit

9 * * *

10 **C. The credit provided for pursuant to the provisions of this Section**
11 **shall terminate and shall have no effect beginning January 1, 2019.**

12 §6106. Credit for child care directors and staff

13 * * *

14 **F. The credit provided for pursuant to the provisions of this Section**
15 **shall terminate and shall have no effect beginning January 1, 2019.**

16 §6107. Business-supported child care

17 * * *

18 **D. The credit provided for pursuant to the provisions of this Section**
19 **shall terminate and shall have no effect beginning January 1, 2019.**

20 Section 3. R.S. 51:1787(L), 1807(F), 1924(H), 2354(D), 2399.3(C), and 3085(F) are
21 hereby enacted to read as follows:

22 §1787. Incentives

23 * * *

24 **L. The incentives provided for pursuant to the provisions of this Section**
25 **shall terminate and shall have no effect beginning January 1, 2019.**

26 * * *

27 §1807. Incentives

28 * * *

29 **F. The credit provided for pursuant to the provisions of this Section**

1 **shall terminate and shall have no effect beginning January 1, 2019.**

2 * * *

3 §1924. Income tax credit or premium tax reduction

4 * * *

5 **H. The credit provided for pursuant to the provisions of this Section**
6 **shall terminate and shall have no effect beginning January 1, 2019.**

7 * * *

8 §2354. Technology commercialization credit; amount; duration; forfeit

9 * * *

10 **D. The credit provided for pursuant to the provisions of this Section**
11 **shall terminate and shall have no effect beginning January 1, 2019.**

12 * * *

13 §2399.3. Modernization tax credit

14 * * *

15 **C. The credit provided for pursuant to the provisions of this Section**
16 **shall terminate and shall have no effect beginning January 1, 2019.**

17 * * *

18 §3085. Tax credit

19 * * *

20 **F. The credit provided for pursuant to the provisions of this Section**
21 **shall terminate and shall have no effect beginning January 1, 2019.**

22 Section 4. This Act shall become effective on August 1, 2017.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by James Benton.

SB 172 Original DIGEST 2017 Regular Session Morrell

Proposed law sunsets the following income and corporation franchise tax credits beginning January 1, 2019:

- (1) R.S. 25:1226.4 Atchafalaya Trace Heritage Area Development Zone tax credit
- (2) R.S. 47:34 Corporation tax credit

- (3) R.S. 47:35 Neighborhood assistance tax credit
- (4) R.S. 47:37 Tax credit for contributions to educational institutions
- (5) R.S. 47:227 Offset against tax based on insurance premiums
- (6) R.S. 47:265 Credits arising from refunds by utilities
- (7) R.S. 47:287.664 Credits arising from refunds by utilities
- (8) R.S. 47:287.748 Corporation tax credit; re-entrant jobs credit
- (9) R.S. 47:287.749 Jobs credit
- (10) R.S. 47:287.752 Credit for employment of first-time nonviolent offenders
- (11) R.S. 47:287.753 Neighborhood assistance tax credit
- (12) R.S. 47:287.755 Credit for contributions to educational institutions
- (13) R.S. 47:287.756 Credit for environmental equipment purchases
- (14) R.S. 47:287.758 Credit for bone marrow donor expenses
- (15) R.S. 47:287.759 Credit for employee and dependent health insurance coverage
- (16) R.S. 47:297 Reduction to tax for taxpayer, spouse, or dependent who is deaf, blind, mentally incapacitated or has lost the use of one limb
- (17) R.S. 47:297.2 Reduction to tax due to person maintaining a household where one or more dependents is physically or mentally incapable of caring for themselves
- (18) R.S. 47:297.4 Credit for certain child care expenses
- (19) R.S. 47:297.8 Earned income tax credit
- (20) R.S. 47:297.9 Credits for certain military servicemembers and dependents for hunting and fishing licenses
- (21) R.S. 47:6004 Employer Credit when employing recipients of FITAP payments participating in certain work programs
- (22) R.S. 47:6005 Qualified new recycling manufacturing equipment and service contracts
- (23) R.S. 47:6006 Credits for local inventory taxes paid
- (24) R.S. 47:6006.1 Credits for taxes paid with respect to vessels in Outer Continental Shelf Lands Act Waters
- (25) R.S. 47:6007 Motion picture investor tax credit
- (26) R.S. 47:6008 Credits for donations to assist playgrounds in economically depressed areas
- (27) R.S. 47:6009 La. Basic Skills Training Tax Credit
- (28) R.S. 47:6012 Employer tax credits for donations of materials, equipment, advisors,

or instructors

- (29) R.S. 47:6013 Credits for donations made to public schools
- (30) R.S. 47:6014 Credit for property taxes paid by certain telephone companies
- (31) R.S. 47:6015 Credit for research and development activities
- (32) R.S. 47:6016.1 La. New Markets Jobs Act
- (33) R.S. 47:6017 Credits for expenses paid by economic development corporations
- (34) R.S. 47:6018 Credits for purchasers from "PIE contractors"
- (35) R.S. 47:6022 Digital interactive media and software tax credit
- (36) R.S. 47:6023 Sound recording investor tax credit
- (37) R.S. 47:6025 Credit for La. Citizens Property Insurance Corp. assessment
- (38) R.S. 47:6032 Credit for certain milk producers
- (39) R.S. 47:6034 Musical and theatrical production income tax credit
- (40) R.S. 47:6035 Credit for conversion of vehicles to alternative fuel usage
- (41) R.S. 47:6036 Ports of La. tax credits
- (42) R.S. 47:6037 Credit for "green job industries"
- (43) R.S. 47:6104 Child care expense tax credit
- (44) R.S. 47:6105 Child care provider tax credit
- (45) R.S. 47:6106 Credit for child care directors and staff
- (46) R.S. 47:6107 Business-supported child care
- (47) R.S. 51:1787 Incentives (Enterprise Zone)
- (48) R.S. 51:1807 Incentives (Urban Revitalization)
- (49) R.S. 51:1924 Income tax credit or premium tax reduction
- (50) R.S. 51:2354 Technology commercialization credit; amount; duration; forfeit
- (51) R.S. 51:2399.3 Modernization tax credit
- (52) R.S. 51:3085 La. Community Development Financial Institution Act tax credit

Effective August 1, 2017.

(Amends R.S. 47:227, 265, 287.664 all as amended by Acts 2015, No. 125, §5, R.S. 47:297.2, 6005(heading), 6007(C)(1)(intro para), 6015(J), 6023(C)(1)(intro para) as amended by Acts 2015, No. 125, §5; adds R.S. 25:1226.4(D), R.S. 47:34(F), 35(E), 37(I), 287.748(D), 287.749(E), 287.752(D), 287.753(E), 287.755(I), 287.756(F), 287.758(D), 287.759(D), 297(Q), 297.4(C), 297.8(C), 297.9(D), 6004(D), 6005(H), 6006(F), 6006.1(H),

6008(E), 6009(G), 6012(G), 6013(E), 6014(G), 6015(M), 6016.1(O), 6017(D), 6018(G), 6022(K), 6025(E), 6032(I), 6034(L), 6035(I), 6036(L), 6037(J), 6104(E), 6105(C), 6106(F), and 6107(D), and R.S. 51:1787(L), 1807(F), 1924(H), 2354(D), 2399.3(C), and 3085(F))