Regular Session, 2011

SENATE BILL NO. 187

BY SENATOR LONG

TAX/TAXATION. Extends Cane River Heritage tax credit to January 1, 2014. (8/15/11)

1   AN ACT

2   To amend and reenact R.S. 47:6026(E)(1), relative to the Cane River Heritage Area

3   Development Zone; to extend the tax credit provided within the zone to January 1,

4   2014; and to provide for related matters.

5   Be it enacted by the Legislature of Louisiana:

6   Section 1. R.S. 47:6026(E)(1) is hereby amended and reenacted to read as follows:

7   §6026. Cane River Heritage Tax Credit

8   *   *   *

9   E.(1) On and after January 1, ~~2012~~ **2014**, no new applications to receive tax

10   exemptions or credits pursuant to this Section shall be approved by the department.

11   However, a business which, prior to January 1, ~~2012~~ **2014**, has been approved by the

12   department to receive tax exemptions or credits under this Section shall continue to

13   receive such tax benefits pursuant to the terms of its agreement with the state of

14   Louisiana as long as the business retains its eligibility.

15   *   *   *

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Jerry J. Guillot.

DIGEST

Long (SB 187)

Present law provides for the Cane River Heritage tax credit. Provides a credit allowed
against any Louisiana income or corporation franchise taxes for a heritage-based cottage
industry located or to be located in the Cane River Heritage Area Development Zone.
Authorizes the DCRT to enter into contracts for periods not exceeding five years with a
heritage-based cottage industry in order to facilitate such tax credits. Provides that no
contract shall be granted for any exemptions or credits which are not directly related to the
concern located within the development zone, and no tax exemption or credit shall be
granted for any tax or portion of a tax applicable to operations or activities of a concern
located outside of the development zone. Provides that applications for contracts of
exemption or credit shall be submitted to the department which shall evaluate applications
to determine whether the requirements for a contract have been satisfied. Provides that the
Department of Revenue shall aid the department in determining whether the tax information
furnished by the applicant is true and correct and the Department of Labor shall aid the
department in verifying employment data. Provides that the tax credit shall be for an amount
of up to $1,500, which may be used against the tax liability for state income and corporation
franchise taxes related to the operations of the cottage industry within the development zone.
Provides that the department may also enter into contracts with eligible cottage industries
for a $1,500 tax credit per new employee hired during the taxable year for which the credit
is claimed. In order to qualify for this credit, the applicant must have net new hires of one
full-time employee or two part-time employees. A full-time employee is a person employed
for at least 32 hours per week. A part-time employee is a person employed for at least 20
hours per week. In order to qualify as a new hire for purposes of this credit, the employee
must have been a resident of the heritage area development zone for at least 30 days prior
to employment. The credit may be applied to any state income tax liability or any state
corporate franchise tax liability, but shall not be applied to any liabilities for penalty or
interest due or outstanding at the time the credit is generated. This credit shall be applicable
only to a position that did not previously exist in the business and that is filled by a resident
of the development zone who is performing duties in connection with the operation of the
business as a regular, full-time employee. Provides that taxpayers who are awarded credits
in excess of their income and corporation franchise tax liability may carry forward their
unused credits for no more than ten years from the date the credit was originally awarded.

Provides for the application of credits as follows:

(1)   All entities taxed as corporations for Louisiana income or corporation franchise tax
        purposes shall claim any credit allowed under present law on their corporation
        income and corporation franchise tax return.

(2)   Individuals shall claim any credit allowed under present law on their individual
        income tax return.

(3)   Estates or trusts shall claim any credit allowed under present law on their fiduciary
        income tax returns.

(4)   Entities not taxed as corporations shall claim any credit allowed under present law
        on the returns of the partners or members as follows:

        (i)   Corporate partners or members shall claim their share of the credit on their
                 corporation income or corporation franchise tax returns.

        (ii)   Individual partners or members shall claim their share of the credit on their

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words in **boldface type and underscored** are additions.

individual income tax returns.

(iii) Partners or members that are estates or trusts shall claim their share of the credit on their fiduciary income tax returns.

<u>Present law</u> provides that on and after January 1, 2012, no new applications to receive tax exemptions or credits shall be approved by the DCRT. However, a business which, prior to January 1, 2012, has been approved by the DCRT to receive tax exemptions or credits shall continue to receive such tax benefits pursuant to the terms of its agreement with the state as long as the business retains its eligibility.

<u>Proposed law</u> provides that on and after January 1, 2014, no new applications to receive tax exemptions or credits shall be approved by the DCRT. However, a business which, prior to January 1, 2014, has been approved by the DCRT to receive tax exemptions or credits shall continue to receive such tax benefits pursuant to the terms of its agreement with the state as long as the business retains its eligibility.

Effective August 15, 2011.

(Amends R.S. 47:6026(E)(1))

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