SLS 15RS-483 ORIGINAL

2015 Regular Session

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SENATE BILL NO. 225

BY SENATOR DONAHUE

TAX/TAXATION. Establishes a baseline limit on all claims against income and franchise tax for Research and Development tax credits filed during a fiscal year on a first-come, first-served basis and gives claims above the amount priority in the next fiscal year. (gov sig)

AN ACT

2 To amend and reenact the introductory paragraph of R.S. 47:6015(C)(2) and R.S. 47:6015(D) and (J), relative to the research and development tax credit; to provide 3 a baseline amount of credits that may be claimed in a fiscal year; and to provide for 4 5 related matters. 6 Be it enacted by the Legislature of Louisiana: 7 Section 1. The introductory paragraph of R.S. 47:6015(C)(2) and R.S. 47:6015(D) 8 and (J) are hereby amended and reenacted to read as follows: 9 §6015. Research and development tax credit 10 C. 11 (2) The Subject to the provisions of Paragraph (J)(1) of this Section, the 12 13 amount of the credit authorized in this Section shall be equal to either: 14 D. A Subject to the provisions of Paragraph (J)(1) of this Section, a 15 taxpayer who receives a federal Small Business Innovation Research Grant as 16 created by the Small Business Innovation Development Act of 1982 (P.L. 97-219), 17

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reauthorized by the Small Business Research and Development Enhancement Act (P.L. 102-564), and reauthorized again by the Small Business Reauthorization Act of 2000 (P.L. 106-554), shall be allowed a refundable tax credit in an amount equal to forty percent of the award received during the tax year.

\* \* \*

J.(1) Notwithstanding any other provision of this Section, for each fiscal year beginning Fiscal Year 2015-2016, no more than twenty-three million dollars, the baseline average of the aggregate amount of claims filed for the credits provided for in this Section during the five fiscal years from Fiscal Year 2008-2009 to Fiscal Year 2013-2014, shall be allowed as a credit against income or corporate franchise tax liability for all such claims for the credit filed during a fiscal year. Claims for the credit shall be allowed on a first-come, first-served basis. Any taxpayer whose claim for such tax credit is disallowed may use the tax credit against income or corporate franchise tax liability due in a return filed in the next fiscal year and his claim shall have priority over other claims filed after the date and time of his original claim.

(2) No credit shall be allowed pursuant to this Section for research expenditures incurred or Small Business Innovation Research Grant funds received after December 31, 2019.

Section 2. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Laura Gail Sullivan.

DIGEST 2015 Regular Session

Donahue

SB 225 Original

<u>Present law</u> allows a refundable tax credit to be applied against income and corporation franchise taxes due for conducting certain qualified research and development activities in La. Provides for qualification, application processes, determination of the amount of the

credit, and administration of present law.

<u>Proposed law</u> retains <u>present law</u>.

Present law provides that the credit terminates Dec. 31, 2019.

Proposed law retains present law.

<u>Proposed law</u> establishes a cap of \$23 million on the total amount of credits allowed in a fiscal year beginning with FY 2015-16. The cap is the baseline average of the aggregate amount of claims filed for the credits provided for in <u>present law</u> during the five fiscal years from FY 2008-09 to FY 2013-14.

<u>Proposed law</u> provides that claims for the credit shall be allowed on a first-come, first-served basis. Provides that any taxpayer whose claim for the credit is disallowed may use the credit against income or corporate franchise tax liability due in a return filed in the next fiscal year and his claim shall have priority over other claims filed after the date and time of his original claim.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6015(C)(2)(intro para), (D), and (J))