

Overview of 2015 Legislative Session changes to LED Business Incentive Programs

The following legislation made significant changes to LED Business Incentive programs: Acts 114, 125, 126, 133, 361, & 412.

This overview summarizes the changes, for informational purposes and general guidance, but is subject to the actual language of these enactments, and to further requirements as may be provided by rules promulgated under the Administrative Procedures Act.

I. Angel Investor Tax Credit Program (La.R.S.47:6020)

A. Caps; Rate (Act 125)

From July 1, 2015, through June 30, 2018:

1. Program Cap – The total amount of credits that may be reserved and issued in a calendar year is \$3.6 million (plus any un-granted credits carried forward from prior years).
2. Investment Caps – An investor may be issued credits on investment of up to \$720,000 per business per calendar year and \$1.44 million total per business.
3. Credit Rate – Credits will be reserved and issued at a rate of 25.2% of the investment. Credits will be issued at the reserved rate, irrespective of the date issued.

(Per LDR Revenue Information Bulletin 15-021, credits issued prior to July 1, 2015, are subject to reduction to the above rate when claimed on a return filed July 1, 2015, through June 30, 2018.)

B. Application Fee (Act 361)

Effective July 1, 2015, the fee for an application for reservation of credits will be 0.5% of the amount of credits reserved, with a minimum of \$500 and a maximum of \$15,000.

II. Retention and Modernization Program (La.R.S.51:2399.1, et seq.)

A. Cap; Rate (Act 125)

Allocations after July 1, 2015, are subject to the following reductions from July 1, 2015, through June 30, 2018:

1. Program Cap – The total amount of credits that may be allocated in a calendar year is \$7.2 million.
2. Credit Rate – Credits will be allocated at a rate of up to 3.6% of qualified expenditures, to be issued in five equal annual amounts at the allocated rate (irrespective of the date issued).

(Allocations of credits made prior to July 1, 2015, are not affected by Act 125, and remain at the allocated rate, irrespective of the date credits are issued.)

B. Application Fee (Act 361)

Effective July 1, 2015, the fee for an application for allocation of credits shall be 0.5% of the amount of the credits allocated, with a minimum of \$500 and a maximum of \$15,000.

III. Enterprise Zone (La.R.S.51:1781 et seq.)

A. Retail Ineligibility (Acts 114 & 126)

No retail business with a NAICS code of 44, 45, or 722 is eligible to participate in the program unless it filed an advance notification prior to July 1, 2015. However, if such an eligible business did not enter into an EZ contract prior to July 1, 2015, it cannot claim EZ incentives until July 1, 2016.

B. Fees (Act 361)

Effective July 1, 2015:

1. Advance Notification – \$250
2. Application – 0.5% of the amount of the incentives, with a minimum of \$500 and a maximum of \$15,000
3. Employee Certification Report – \$250
4. Project Completion Report (or amendment) – \$250
5. Affidavit of Final Cost (or amendment) – \$250
6. Contract Amendment – \$250

IV. Quality Jobs Program (La.R.S.51:2451 et seq.)

A. Payroll Rebate Rate (Act 126)

For projects filing advance notification on or after July 1, 2015:

From July 1, 2015, through June 30, 2018, annual payroll rebates will be approved for payment at a rate of 5% or 6% (as applicable) multiplied by 80% of payroll. Payroll rebates approved on and after July 1, 2018, will be calculated on 100% of payroll. However, annual payroll rebates claims that are due before July 1, 2018, but not timely filed are subject to reduction.

(Projects filing advance notification before July 1, 2015, are not affected by Act 126, and payroll rebates will be calculated on 100% of payroll irrespective of date of approval for payment.)

B. Fees (Act 361)

Effective July 1, 2015:

1. Advance Notification – \$250
2. Application – 0.5% of the amount of the incentives, with a minimum of \$500 and a maximum of \$15,000
3. Annual Certification Report – \$250
4. Project Completion Report (or amendment) – \$250
5. Affidavit of Final Cost (or amendment) – \$250
6. Contract Amendment – \$250
7. Contract Renewal – \$250

V. Competitive Projects Payroll Incentive (La.R.S.51:3121)

A. Rates (Act 126)

Projects for which an invitation to participate is extended by LED between July 1, 2015, through June 30, 2018, are subject to the following limitations from July 1, 2015, through June 30, 2018:

1. Maximum payroll rebate – 12% of qualifying payroll
2. Project facility expense rebate – 1.2% of qualified capital expenditures

(Projects for which an invitation to participate was extended by LED prior to July 1, 2015, are not affected by Act 126, and rebates will be calculated in accordance with the CPPI contract.

VI. Research and Development Tax Credit (La.R.S.47:6015)

A. Refundability (Act 133)

Credits claimed on returns filed on or after July 1, 2015, (except amended returns if credits claimed on an original return filed before July 1, 2015) are nonrefundable.

B. Verification Report (Act 412)

For applicants with less than fifty employees that have not filed for federal R&D, SBTT or SBIR tax credits:

1. Applications received on or after January 1, 2016: LED shall directly engage and assign a CPA or tax attorney to prepare an expenditure verification report on the applicant's claimed qualified research expenditures. The applicant shall submit with its application a cost report of claimed qualified research expenditures and the required verification report deposit, and shall make all records related to the application available to LED and the CPA or tax attorney.
2. Applications received before January 1, 2016: The applicant may elect to either submit a report of its claimed qualified research expenditures prepared by a CPA engaged by the applicant, or utilize the verification report procedure described in paragraph 1 above.

C. Fees (Act 361)

Effective July 1, 2015:

1. Application – 0.5% of the amount of the tax credits applied for, with a minimum of \$500 and a maximum of \$15,000.
2. Deposit for Verification Report Fee – \$7500 (applications claiming qualified research expenditures of \$1 million or less); \$15,000 (applications claiming qualified research expenditures of more than \$1 million).
3. Verification Report – Actual cost of report (at up to \$225/hour), with a maximum fee of \$15,000 (applications claiming qualified research expenditures of \$1 million or less), or \$25,000 (applications claiming qualified research expenditures of more than \$1 million).

VII. Industrial Ad Valorem Tax Exemption Program (La. Const. Art.VII, §21(F))

A. Fees (Act 361)

Effective July 1, 2015:

1. Advance Notification – \$250
2. Application – 0.5% of the amount of the exempted taxes, with a minimum of \$500 and a maximum of \$15,000
3. Project Completion Report (or amendment) – \$250
4. Affidavit of Final Cost (or amendment) – \$250
5. Contract Amendment – \$250

VIII. Technology Commercialization (La.R.S.51:2351)

A. Rate (Act 125)

Applications approved on or after July 1, 2015, are subject to the following reductions from July 1, 2015, through June 30, 2018:

1. Technology Commercialization Credits – 28.8% of the amount of the investment.
2. Technology Jobs Credits – 4.32% of payroll for new direct jobs.

(Applications approved prior to July 1, 2015, are not affected by Act 125; for these projects, and as of July 1, 2018, for projects subject to the above described reductions, investment credits will be calculated at 40% and job credits at 6%.)

B. Application Fee (Act 361)

Effective July 1, 2015, the application fee is 0.5% of the amount of the tax credits, with a minimum of \$500 and a maximum of \$15,000.

IX. Ports of Louisiana Tax Credits (La.R.S.47:6036)

A. Investor Tax Credit (Act 125)

From July 1, 2015, through June 30, 2018:

1. Annual Program Cap – Total annual installments of tax credits taken in a fiscal year shall not exceed \$4.5 million.
2. Annual Project Cap – Annual installments of tax credits taken by a project in a tax year shall not exceed \$1.8 million.
3. Credit Rate – Credits may be certified at a rate of up to 72% of total capital costs.

(As of July 1, 2018, the annual program cap is \$6.25 million, the annual project cap is \$2.5 million, and credits may be granted at a rate of up to 100% of capital costs. However, previously approved credits will remain at the rate certified by the Commissioner of Administration.)

B. Import Export Cargo Credit (Act 125)

From July 1, 2015 through June 30, 2018:

1. Program Cap – Certification of credits by LED shall not exceed \$4.5 million per fiscal year (including certifications during a fiscal year for cargo shipped prior to that fiscal year).
2. Credit Rate – Credits will be certified at a rate of up to \$3.60 per tons of qualified cargo (including certifications for cargo shipped prior to July 1, 2015).

C. Application Fee (Act 361)

Effective July 1, 2015, the application fee is 0.5% of the amount of the tax credits, with a minimum of \$500 and a maximum of \$15,000.