

**HOUSE SUMMARY OF SENATE AMENDMENTS**

**HB 300**

**2017 Regular Session**

**Davis**

TAX CREDITS: Provides relative to the amount of the research and development tax credit and authorizes transferability of the credit under certain circumstances

<b>Synopsis of Senate Amendments</b>	
1.	Add eligibility for the tax credit for taxpayers who receive a Phase I or Phase II grant from the federal Small Business Technology Transfer Program.
2.	Add a \$200 per transferee fee for each notice of transfer of this tax credit submitted to the Department of Revenue.
3.	Make technical changes.

**Digest of Bill as Finally Passed by Senate**

Present law authorizes an income and corporation franchise tax credit for certain taxpayers who employ 50 or more persons and claim a federal income tax credit for increasing research activities. This tax credit is also available for tax payers who employ fewer than 50 employees if the employer meets certain eligibility requirements.

Present law authorizes the following credits as a percentage of increased research expenses for a taxpayer who employs the following number of employees:

Number of Employees	Tax Credit
100 or more	8%
50-99	20%
fewer than 50	40%

Proposed law authorizes the following credits:

Number of Employees	Tax Credit
100 or more	5%
50-99	10%
fewer than 50	30%

Present law allows a taxpayer receiving a federal Small Business Innovation Research Grant to be eligible for a tax credit in an amount equal to 40% of the award received during the tax year.

Proposed law adds eligibility for the tax credit to taxpayers who receive Phase I or Phase II grants from the Federal Small Business Technology Transfer program and reduces the tax credit from 40% to 30% of the award received during the tax year.

Proposed law authorizes credits based on participation in the Small Business Technology Transfer Program or the Small Business Innovation Research Grant program for 2018 and thereafter that were not previously claimed by any taxpayer against income tax liability to be transferred or sold to one or more La. taxpayers. To utilize the transferred tax credit, proposed law requires transferors and transferees to submit to the Dept. of Revenue (DOR)

written notification of any transfer or sale of this tax credit within 10 business days after the transfer or sale. The notification submitted to DOR shall include a transfer processing fee of \$200 per transferee.

Proposed law prohibits a tax credit transfer or sale from being effective until recorded in the tax credit registry in accordance with present law.

Proposed law authorizes carryforward of the credit beginning on the date on which the credit was earned, regardless of when the credit was transferred or sold.

Present law defines "base amount" for purposes of calculating the amount of the credits as 70% of the average annual qualified research expenses in La. during the 3 years preceding the taxable year.

Proposed law changes present law by redefining "base amount" depending upon the number of persons the taxpayer employs.

Proposed law increases the "base amount" for purposes of a taxpayer that employs 50 or more persons from 70% to 80% of the average annual qualified research expenses in La. during the three years preceding the taxable year.

Proposed law decreases the "base amount" for purposes of a taxpayer that employs less than 50 persons from 70% to 50% of the average annual qualified research expenses in La. during the three preceding taxable years.

Present law prohibits tax credits for research expenditures incurred or Small Business Innovation Research Grant funds received after Dec. 31, 2019.

Proposed law changes present law by adding funds received from the federal Small Business Technology Transfer Program and extends the sunset of the credit from research expenditures incurred or funds received after Dec. 31, 2019, to research expenditures incurred or funds received after Dec. 31, 2021.

Proposed law shall apply to tax years beginning on or after Jan. 1, 2017.

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

(Amends R.S. 47:6015(C)(2), (D), (E)(1), and (J))