LOUISIANA
DEPARTMENT *of* REVENUE

2015 Regular Legislative Session and Statements of Policy Summaries

Policy Services Division

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.

Administrative

Act 38 [R.S. 11:1732(14)(a)(ix)] authorizes judges and employees of the Local Tax Division of the Board of Tax Appeals to participate in the Municipal Employees' Retirement System (MERS). Effective June 5, 2015.

Act 121 [R.S. 32:868(B)(2)(b), 51:2361(A)(2), 39:100.123, 47:1676(E)(3) and 40:1402] provides for the transfer and deposit of monies against state funds. Provides for the deposit of certain funds collected from the office of motor vehicles into the Debt Recovery Fund, with $25 million utilized for the office of state police. Provides that, of the funds deposited into the Debt Recovery Fund from the office of motor vehicles, up to $11 million shall be appropriated to the office of state police to fund the state police pay grid and $42 million shall be appropriated to the Dept. of Transportation and Development for bridge repairs. Establishes the Sickle Cell Fund as a special treasury fund. The sources of monies in the fund are monies appropriated to the fund, including donations, gifts, grants, or other monies. Monies in the fund shall be appropriated solely to pay expenses associated with the Sickle Cell Program. Establishes the New Orleans Public Safety Fund as a special treasury fund. The sources of monies in the fund are federal funds, donations, gifts, or grants, and any money appropriated to the fund. Monies in the fund shall be appropriated to the office of state police for public safety services in the city of New Orleans in an area bound by the Mississippi River, Canal Street, North Rampart Street (both sides), and Esplanade Avenue (both sides). Effective July 1, 2015, transfers $2,500,000 from the Department of Justice Legal Support Fund to the New Orleans Public Safety Fund. Transfers funds from the Motor Carrier Regulation Fund and the Telephonic Solicitation Relief Fund to the Utility and Carrier Inspection and Supervision Fund. Transfers monies to the state general fund from the Riverboat Gaming Enforcement Fund, the Louisiana Fire Marshal Fund, and the Video Draw Poker Device Fund. Changes dedication of the Insurance Verification System Fund. Transfer money from the state general fund to the Louisiana Emergency Response Network Fund. Effective June 19, 2015.

Act 210 [R.S. 47:302(K)(7)(b), 337.13.1(A)(2), (B)(1), and (C), 337.27, 337.28.1(B), 337.33(A)(5), 337.45(B), 337.63(A)(3) and (B), 337.64(B), 337.81(A)(2) and (B), 337.86(E)(2)(a), 1401, 1403(B)(5), 1418(4), 1434, 1438, 1522, 1561(B)(3), 1576(B), 1603(A)(3), and 1625, and Sections 5 and 7 of Act No. 640 of the 2014 Regular Session of the Legislature and to enact R.S. 47:337.45(A)(4), 337.51(B)(4), 337.63(E), 337.79(C), 337.81(A)(3), 1403(A)(4) and (B)(6)(c), 1407(5), 1408(D) and (E), 1413(D) and (E), 1418(6) and (7), 1439, 1561(A)(4) and (B)(4), 1580(B)(5), 1621(D)(4), and 1623(F)] provides for procedures and requirements related to the collection and adjudication of state and local taxes, including various changes regarding the administration, membership, and authority of the Board of Tax Appeals. Effective June 23, 2015.

Act 215 [R.S. 6:33(F)(14) and(18), 46:236.1.4(A) and (C), 47:1677 (A) and (F)(4)and (5)] expands a financial institution or its processor's authorization to provide the department or office of debt recovery (office) with identifying and account balance information of all persons who are joint account holders with an account owner who the office purports is a tax or nontax debtor. Provides secretary with discretion to allow department or office to enter into agreement with the Department of Children and Family Services (DCFS) to share costs of reimbursement fees paid to financial institutions for complying with financial institution data match laws pursuant to R.S. 46:236.1.4 or R.S. 47:1677 and requires department to make reimbursement out of current allocations. Effective August 1, 2015.

Act 275 [R.S. 48:77(A) and (B) and 2074(A), R.S. 48:77(C), 2077(24), and R.S. 48:2111 through 2119] provides as follows:

- Beginning in Fiscal Year 2017-2018 and each fiscal year thereafter, from the avails of certain sales and use taxes and inventory tax, the treasurer must deposit an amount equal to the increase in general fund revenues as certified by the Revenue Estimating Conference as being attributable to the provisions of the Act that originated as Senate Bull No. 122 of the 2015 Regular Session of the Legislature Act 257, but this amount cannot exceed $100 million.
- The first seventy million dollars of the monies shall be deposited into the Transportation Trust Fund ("TTF") to be used exclusively for state highway pavement and bridge sustainability projects. Thereafter, ninety-three percent of the monies shall be deposited into the TTF to be allocated as follows: not less than thirty percent for highway priority program projects classified as capacity projects; twenty-five percent for port construction and development priority program projects; and the remaining monies for state highway pavement and bridge sustainability projects.
- The remaining seven percent shall be deposited into the Louisiana State Transportation Infrastructure Fund as provided in the Act which originated as HB 767, Act 431, for final design and construction and shall not be used for studies.
- None of the monies deposited into the TTF pursuant to proposed law shall be appropriated to the office of state police.
- The deficit reduction provisions are hereby repealed.
- The Act becomes effective when the Act which originated as Senate Bull No. 122 of this 2015 Regular Session of the Legislature, Act 257, is enacted into law and becomes effective June 29, 2015.

Act 314 [R.S. 17:3023(B), 3138.5, 3351(H), 24:553(D) and 36:8.2] requires the secretary of a department that includes an agency that has an appropriation in the general appropriation bill or the ancillary appropriation bill of thirty million dollars or more to establish an effective internal audit function and an office of the chief audit executive. The chief audit executive must ensure that the internal audit function adheres to the Institute of Internal Auditors, International Standards for the Professional Practice of Internal Auditing and must have direct and unrestricted access to the secretary. Effective August 1, 2015.

Act 405 [R.S. 47:301.2] establishes the Sales Tax Streamlining and Modernization Commission ("the Commission") to study Louisiana's state and local sales tax systems and to make recommendations to the legislature regarding revisions of practices, administrative procedure, statutory law, and the Louisiana Constitution. Sunsets the Commission on June 30, 2017. Effective July 1, 2015.

Alcohol and Tobacco Control

Act 382 [R.S. 26:2(13) through (26), 71(A)(3)(d) and (e), 71.1(4)(a), 71.3, 78(A), 79, 80(A)(8), 86, 142, 271.2(4)(a), 278(A), 279, 280(A)(8), and 283] creates micro distillery permits. Effective August 1, 2015.

Act 406 [R.S. 26:901(14) through (34) and 909(A)(6), (B)(1)(b) and (2), and 924]

- Adds definitions for the following terms: "rebate or coupon", "replacement cost", "retail sales", "trade discount" and "wholesale sales".
- Provides that if any person is engaged in the business of making sales both at retail and wholesale, "retailer" shall only apply to the retail portion of the business and "wholesaler" shall only apply to the wholesale portion of the business.
- Authorizes the commissioner of ATC to suspend or revoke the permit of any dealer that fails to pay any sales taxes due to the state.
- Requires the commissioner to post the minimum wholesale and retail price schedule of each cigarette brand on a website maintained by ATC within five business days of the effective date of the manufacturer's, importer's, or sales entity affiliate's price change.
- Requires every manufacturer, importer, or sales entity affiliate of cigarettes sold in La. to notify the commissioner of any price change in writing by the 28th day of each month preceding the effective date of the price changes, resulting from trade discounts, rebates, or coupons which shall be valid for at least 30 days.
- Provides that any price change that is not provided to the commissioner as required by proposed law is prohibited from being included in the price change schedule or computed to determine the minimum retail prices of the product which cannot be sold for a price less than what is allowed in the minimum pricing schedule.
- Provides for the computation for minimum retail prices as "costs to the retailer" for all cigarettes sold in La.
- Provides for items that are advertised, offered for sale or given as a gift, sold with one or more other items for a combined price, or given with the sale of one or more items.
- Provides for penalties for violations.
- Effective August 1, 2015.

Credits and Incentives

Act 104 amends and reenacts Section 3 of Act No. 414 of the 2011 Regular Session of the Legislature of Louisiana to extend the Angel Investor Tax Credit Program from July 1, 2015, to July 1, 2017. Beginning with claims for the credit on returns filed on or after 7/1/15, the Angel

Investor tax credit is reduced from 35% to 25.2%. The annual investment cap per Louisiana Entrepreneurial Business ("LEB") is reduced from $1 million per year to $720,000 per year. The total investment cap per LEB is reduced from to $2 million total per business to $1.44 million total per business. The program cap is reduced from $5 million per year to $3.6 million per year. These changes are effective for three fiscal years, from 7/1/15 through 6/30/18. Effective June 19, 2015.

Act 108 amends and reenacts R.S. 47:6019(A)(1) and (2)(c) and (C), relative to the tax credit for the rehabilitation of historic structures for nonresidential property. Provides that the amount of the credit shall equal 25% of the eligible costs and expenses of the rehabilitation incurred prior to January 1, 2018, regardless of the year in which the property is placed in service. The amount of the credit shall equal 20% of the eligible costs and expenses of the rehabilitation incurred on or after January 1, 2018, regardless of the year in which the property is placed in service. No taxpayer, or any entity affiliated with such taxpayer, shall claim more than five million dollars of credit annually for any number of structures rehabilitated with a particular downtown development or cultural district. The tax credit shall not be allowed for the rehabilitation costs and expenses that are paid for with state or federal funds, unless the state or federal funds are reported as taxable income or are structured as repayable loans. It also provides for a single fee to be charged per application by the state historic preservation office and the Department of Revenue. The Act extended the sunset of the tax credit to January 1, 2022. Effective date June 19, 2015.

Act 114 [R.S. 51:1787(B)(3)(b)] Changes eligibility requirements for Enterprise Zone Contracts ("EZ Contracts") to receive sales tax rebates and income tax credits. Provides that notwithstanding any other provision of law to the contrary, a retail business which is assigned a North American Industry Classification Code of 44, 45, or 72 (retailers and food services sector) and whose contract is not entered into before July 1, 2015, shall be ineligible to receive benefits pursuant to the provisions of this section, unless the related advance notification form was filed before June 10, 2015. If the related advance notification form was filed before June 10, 2015, benefits are available provided the related claim for benefits is filed on or after July 1, 2016. This program change is permanent until changed by future Act of the legislature. Effective June 19, 2015.

Act 125 [R.S. 25:1226.4(C)(1) and (2), and 47:34(B)(1), 35(C), 37(C), 227, 265, 287.664, 287.748(B)(1), 287.749(B), 287.752(B)(1), 287.753(C), 287.755(C), 287.758(B), 287.759(A) and (C)(3), 297(A), (B), (C)(1), (D)(2), (F), (G)(2), (H)(1), (I)(2), (J)(4), (K)(2)(a), (L)(3), (M)(1), (N)(1) and (2), and (P)(2), 297.6(A)(1) and (5), 297.9(A), 6004(A)(2), 6005(C)(1) and (D)(1), 6008(A), 6009(D)(1), 6012(B), 6013(A), 6017(A), 6018(C), 6020(D)(1) and (2)(a), 6022(D)(2) and (3), 6023(C)(1) and (3), 6025(A)(1), 6026(D)(2) and (3), 6032(C) and (F), 6034(C)(1)(a)(ii)(bb), (C)(1)(a)(iii), (C)(1)(c), and (D), 6036(C)(1)(b) and (I)(2)(a)(i), and 6037(B)(1) and (2)(b), (c), and (d), and 51:1807(C), 2354(A) and (B), 2399.3(A)(2)(a) and (b), and 3085(B)(1)(a)] reduces income and corporation franchise tax credits as follows:

- Corporation Tax Credit (R.S. 47:34) – reduces the amount of the corporate income tax credit (1) per eligible new employee per taxable year from $100 to $72; (2) per eligible new economically disadvantaged employee per taxable year from $200 to $144; and (3) per new employee who is a resident of a neighborhood with an unemployment rate of ten percent or more per taxable year from $225 to $162.
- Neighborhood Assistance Tax Credit (R.S. 47:35) – reduces the amount of the corporate income tax credit from seventy percent to fifty percent of the actual amount contributed. Reduces the amount of the credit for any corporation from $250,000 to $180,000 annually.
- Tax Credit for Contributions to Educational Institutions (R.S. 47:37) – reduces the income tax credit for donations, contributions, or sales below cost of tangible movable property made to educational institutions in the State of Louisiana from 40 percent of such property's value to 29 percent.
- Offset Against Tax (R.S. 47:227) – reduces the offset to 72 percent of the amount of any taxes, based on premiums. Effective for taxable periods beginning on or after July 1, 2015 and before July 1, 2018.
- Re-Entrant Jobs Credit (R.S. 47:287.748) – reduces the corporate income tax credit from $150 to $108 per eligible re-entrant employed.
- Jobs Credit (R.S. 47:287.749) - reduces the amount of the corporate income tax credit (1) per eligible new employee per taxable year from $100 to $72; (2) per eligible new economically disadvantaged employee per taxable year from $200 to $144; and (3) per new employee who is a resident of a neighborhood with an unemployment rate of ten percent or more per taxable year from $225 to $162.
- Tax Credit for Employment of First-Time Nonviolent Offenders (R.S. 47:287.752) – reduces the credit from $200 to $144 per taxable year per eligible employee.
- Neighborhood Assistance Tax Credit (R.S. 47:287.753) – reduces the amount of the corporate income tax credit from seventy percent to fifty percent of the actual amount contributed. Reduces the amount of the credit for any corporation from $250,000 to $180,000 annually.
- Tax Credit for Contributions to Educational Institutions (R.S. 47:287.755) – reduces the income tax credit for donations, contributions, or sales below cost of tangible movable property made to educational institutions in the State of Louisiana from 40 percent of such property's value to 29 percent.
- Tax Credit for Bone Marrow Donor Expense (R.S. 47:287.758) – reduces the amount of the credit from 25 percent to 18 percent of the bone marrow donor expense paid or incurred during the tax year by an employer to provide a program for employees who are potential or who actually become bone marrow donors.
- Rehabilitation of Residential Structures (R.S. 47:297.6) – limits the maximum amount of credit which may be granted from $25,000 to $18,500 per structure. Reduces the value of the credit which taxpayers may claim for the rehabilitation of an owner-occupied residential structure from 25 percent of the eligible costs and expenses of the rehabilitation to 18.5 percent of the eligible costs and expenses. Further reduces the value of credit which may be claimed on vacant and blighted owner-occupied structures from 50 percent of the eligible costs and expenses to 36 percent, and reduces the maximum

amount of tax credits the State Historic Preservation Office may grant in any calendar year from $10 million to $7.2 million.

- Amounts Paid by Certain Military Service Members and Dependents for Certain Hunting and Fishing Licenses (R.S. 47:297.9) – reduces the individual income tax credit to 72 percent of the amounts paid by an active or reserve military service member, or the spouse or dependent of such service member, for obtaining a Louisiana noncommercial hunting or fishing license for themselves or their spouses and dependents.
- Employer Credit (R.S. 47:6004) – reduces the income or corporation franchise tax credit from $750 to $540 for the taxable period during which the new employee has completed one year of full-time service with the taxpayer.
- Qualified New Recycling Manufacturing or Process Equipment and Service Contracts (R.S. 47:6005) – reduces the income and corporation franchise tax credit from 20 percent to 14.4 percent of the cost of the new recycling manufacturing or process equipment or qualified service contract, or both, less the amount of any other tax credits received for the purchase of such equipment or contracts, or both. Reduces the total credits certified by the Secretary of the Department of Environmental Quality in any calendar year from $5 million to $3.6 million.
- Tax Credits for Donations to Assist Playgrounds in Economically Depressed Areas (R.S. 47:6008) – reduces the income or corporation franchise tax credit from the lessor of $1,000 or one half of the value of the cash, equipment, goods, or services donated to the lessor of $720 or 36 percent of the value of the cash, equipment, goods, or services donated.
- Louisiana Basic Skills Training Tax Credit (R.S. 47:6009) – reduces the credit from $250 to $180 per participating employee. Reduces the total of all such basic skills training tax credits $30,000 to $21,600 for any single business or industry enterprise in a particular tax year.
- Employer Tax Credits for Donations of Materials, Equipment, Advisors, or Instructors (R.S. 47:6012) – reduces the income or corporation franchise tax credit from one half to 36 percent of the value of the donated materials, equipment, or services rendered by the instructor.
- Tax Credits for Donations Made to Public Schools (R.S. 47:6013) – reduces the income and corporation franchise tax credit from 40 percent to 28.8 percent of the appraised value of the qualified donation.
- Tax Credits for Certain Expenses Paid by Economic Development Corporations (R.S. 47:6017) – reduces the income or corporation franchise tax credit to 72 percent of the amount of the filing fee paid to the Louisiana State Bond Commission that is incurred by the corporation in the preparation and issuance of the bonds.
- Tax Credits for Purchases from "PIE Contractors" (R.S. 47:6018) – reduces the amount of the credit to 72 percent of the state sales and use tax paid by the purchaser on each case or other unit of apparel during the purchaser's tax year. (PIE Contractors are those businesses that utilize inmate labor in producing items for sale and then pay a thirty percent of the salary paid to such inmates back to the state.)
- Angel Investor Tax Credit Program (R.S. 47:6020) – reduces the total amount of tax credits granted by the department in any calendar year from $5 million to $3.6 million.

Reduces the credits approved by the department from 35 percent to 25.2 percent of the amount of the investment with the credit divided in equal portions for five years.

- Digital Interactive Media and Software Tax Credit (R.S. 47:6022) – reduces the credit to eighteen percent of the base investment.
- Sound Recording Investor Tax Credit (R.S. 47:6023) – For state-certified productions certified on and after July 1, 2015, and state-certified infrastructure projects which have been applied on or after July 1, 2015, to eighteen percent of the base investment made by that investor in excess of $15,000 or, if a resident of Louisiana, in excess of $5,000. Reduces the aggregate amount of credits certified for all investors during any calendar year from $3 million to $2.6 million.
- Tax Credit for Louisiana Citizens Property Insurance Corporation Assessment (R.S. 47:6025) – reduces the income tax credit to 72 percent of the amount of surcharges, market equalization charges, or assessments paid by a taxpayer during the taxable year as a result of the 2005 regular assessment or the emergency assessments levied due to Hurricanes Katrina and Rita by Louisiana Citizens Property Insurance Corporation for the FAIR Plan and Coastal Plan.
- Cane River Heritage Tax Credit (R.S. 47:6026) – reduces the amount of the tax credit from $1,500 to $1,080.
- Tax Credit for Conversion of Vehicles to Alternative Fuel Usage (R.S. 47:6035) – reduces the income tax credit from 50 percent to 36 percent of the cost of the qualified clean-burning motor vehicle fuel property.
- Tax Credit for "Green Job Industries" (R.S. 47:6037) – reduces the income tax credit from $1 million to $720,000 per state-certified green project.
- ***See Revenue Information Bulletin No. 15-021.***

Act 126 [R.S. 51:1787(B)(3)(b), 51:2367(E), 2455(A) and (D)(3), 3114(B), and 3121(C)(3)(b)(i) and (4)(c)] reduces certain rebate payments by 20%. The programs affected are Mega-Project Energy Assistance (Mega), Quality Jobs Program (payroll rebate), Headquarters Relocation (HQ), Competitive Projects Payroll (CPP, payroll rebate), and Enterprise Zone (investment rebate). Effective dates: Section 1 effective July 1, 2015. Section 2 effective July 1, 2015 through June 30, 2018. Section 3 effective July 1, 2018. ***See Revenue Information Bulletin No. 15-025.***

Act 128 [R.S. 47:114(F)(3), 295(C), 309(B), 1602(A)(2)(a) and (3)(a), 1603(A)(2) and (3), 1604.1, and 47:1508(B)(37), (38), and (39)] provides for penalties and fees assessed by the department as follows:

- Eliminates BTA approval for penalty waivers exceeding $25,000 on December 31, 2015. Beginning on January 1, 2016, penalty waivers exceeding $25,000 are subject to oversight by the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs. This does not apply to any penalties waived pursuant to the department's voluntary disclosure program.

- Taxpayers accepting penalty remittances or waivers are deemed to have consented to submission of the complete record of the remittance or waiver of the penalty to the Committees.
- Increases failure to keep adequate records penalty from $500 to $5,000 and changes assessment of the penalty from mandatory to discretionary.
- Retains prior law as it relates to the amount of penalty for delinquent payment but extends the penalty provision to calculate penalty when the return and full payment are delinquent, including any extensions.
- Changes negligence penalty from 5% of the tax due or $10, whichever is greater, to separate penalties for negligence, large individual tax deficiency, and other large tax deficiencies and changes assessment of the penalty from mandatory to discretionary. Defines "adjusted gross income" and "willful" for purposes of imposing a negligence penalty.
- Authorizes disclosure of confidential records in response to a court-ordered subpoena requested by the Louisiana Office of the Inspector General, the Louisiana Attorney General's office, a Louisiana District Attorney's Office, or a United States (U.S.) Attorney's Office in connection with certain criminal investigations and/or proceedings in a court of competent jurisdiction in Louisiana and also when requested by a U.S. Attorney's Office in connection with a federal grand jury subpoena.
- Effective July 1, 2015.

Act 129 amends and reenacts R.S. 47:1524(D)(2), and 6007(section heading), (B)(5), (10) through(16), (C)(subsection heading), (1)(introductory paragraph), (a)(iii), and (b)(iii), (2) and (4)(b) and (f), (D)(2)(d)(i), (E), and (F), enacts R.S. 47:6007(B)(17) and (18),(C)(1)(c)(iii), (D)(1)(d)(iv) and (2)(d)(iii), (G), and (H), and repeals R.S.47:1524(D)(3), relative to income tax credits. The Act generally authorizes a tax credit against state income tax for Louisiana taxpayers for expenditures related to state-certified production. It also provides the following:

- No issuance, sale or transfer of tax credits after January 1, 2014, shall be effective as between the transferor and transferee or as to third parties or the department until it has been recorded in the Tax Credit Registry.
- The credit is now named the Motion Picture Production Credit.
- Expanded the definition of motion picture to include the language "or for viewing on any digital online platform as may be further defined by the office through the promulgation of rules."
- Furthered defined production expenditures as follows: For all state-certified productions approved on or after January 1, 2004.this term shall not include expenditures for marketing and distribution, non-production related overhead, amounts reimbursed by the state or any other governmental entity, costs related to the transfer of tax credits, amounts that are paid to persons or entities as a result of their participation in profits from the exploitation of the production, the application fee, state, or local taxes, or any

expenditures occurring outside of Louisiana. For all state-certified productions approved on or after January 1, 2016, marketing expenditures shall be considered "production expenditures".

- Defines projection completion as completion of principal photography , or as otherwise approved in writing by the office.
- Defines state-certified production means a production approved by the office and the secretary which is produced by a motion picture production company domiciled and headquartered in Louisiana and which has a viable multi-market commercial distribution plan.
- Defines taxpayer means an investor in a production, a motion picture production company applicant, individual with an ownership interest in a motion picture production company applicant, or a subsequent transferee of the tax credit.
- Provides that state-certified productions, expenditures shall be certified no more than once per production, after project completion. However, if at the time of application for initial certification, the office is notified that post-production activities will take place in Louisiana, a supplemental request for certification of expenditures directly related to such post-production activity may be submitted for consideration by the office. The cost of any verification or audit of such expenditures shall be borne by the motion picture production company.
- Provides that for state-certified productions approved by the office and the secretary on or after January 1, 2004, but before January 1, 2006, the initial certification shall be effective from qualifying expenditures made within a period 12 months prior to and twelve months after the date of initial certification.
- Provides that for state-certified productions approved by the office and the secretary on or approved by the office and the secretary on or after January 1, 2006, but before July 1, 2009, the initial certification shall be effective for qualifying expenditures made within a period of 12 months prior to and 12 months after the date of initial certification.
- Provides that for state-certified productions approved by the office and the secretary on or after January 1, 2009, the initial certification shall be effective for qualifying expenditures made within a period of 12 months prior to and 24 months after the date of initial certification.
- Provides for a 5-year carryforward provision, effective January 1, 2016.
- Provides that no transfer or sale of tax credits shall be effective until recorded in the tax credit registry in accordance with R.S. 47:1524.
- Provides that beginning on and after January 1, 2007, the investor who earned the motion picture investor tax credits may transfer the credits to the office for 72% of the face value of the credits. Beginning January 1, 2009, and every second year thereafter, the percent of the face value of the tax credits allowed for transferring credits to the office shall increase

two percent until the percentage reaches eighty percent. For those projects which receive initial certification on and after July 1, 2009, the motion picture production company that earned the motion picture production tax credits may transfer the credits to the Department of Revenue for 85 % of the face value of the credits.

- Provides that the secretary of the Department of Economic Development, when determining qualifications shall consider any conviction of a criminal offense as an incident to obtaining or attempting to obtain motion picture investor tax credits.
- Requires that prior to final certification, the motion picture production company applicant must submit a cost report of production expenditures, no later than six months after the expiration of the initial certification period.
- Provides that only expenditures made during the initial certification period shall earn credits.
- Effective date July 1, 2015, unless otherwise noted in the Act.
- Provides that a bad faith older may not transfer tax credits. A bad faith holder is defined as a person who participated in material misrepresentation or fraudulent acts in connection with the certification of tax credits or who prior to or at the time of certification knew or reasonable should have known of such material misrepresentation or fraudulent acts, or a legal entity owned and controlled by such person.
- Provides for a prescriptive period for recapture.
- Provides for the submission of audit reports for certification of expenditures for state-certified motion picture infrastructure program tax credits.

Act 130 [R.S. 47:15(16), 105(A) and (B), 299.5, 1507, 1578(B)(4)(c) through (e) and 47:1576.2] to provide for installment payment agreements for payment of tax, and to establish fees for installment payment agreements, offset claims, authentication of tax records, searching for tax returns, certified copies of tax returns, and fees and payments for compromises of judgments (offers-in compromise) and to provide an exemption from payment of installment payment agreement fees. Effective July 1, 2015.

Act 131 [amends 47:6030(A)(1), (B), (C)(6), (D), and (F); enacts R.S. 47:6030(C)(7) and (8); and repeals R.S. 47:6030(C)(5)] Reduces the maximum value of the solar energy systems tax credit for both purchased and leased systems as follows: For purchased systems, the credit is equal to the lesser of: 1.) two dollars multiplied by the total size of the system as measured in DC watts or; 2.) 50% of the first $20,000. For leased systems, the credit is equal to 38% of the first $20,000 subject to the per watt cost and total kilowatt restrictions. Establishes a cap for both purchased and leased systems and provides for various changes regarding system eligibility and requirements for the claiming of the credit. Effective June 19, 2015**.** ***See Revenue Information Bulletin No. 15-026.***

Act 133 [amends and reenacts R.S. 47:6006(A) and (B)and 6015(B)(1) and (2) and (D) and to enact R.S. 47:6015(K). **Local Inventory Tax Credit:** Provides that there shall be allowed a credit against any Louisiana income or corporation franchise tax for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers. The credit shall be allowed against any Louisiana income or corporation franchise tax for ad valorem taxes paid to political subdivisions on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities. Further provides that for credit for taxes paid by corporations shall be applied to state corporate income and corporation franchise taxes. Credit for taxes paid by unincorporated persons shall be applied to state personal income taxes. The secretary shall make a refund to the taxpayer in the amount to which he is entitled from the current collections of the taxes collected pursuant to La. R.S. 47:21 et seq. and 47:601 et seq. If the amount of the credit authorized exceeds the amount of tax liability for the tax year, the following amounts of the excess credit shall either be refundable or may be carried forward as a credit against subsequent Louisiana income or corporate franchise tax liability for a period not to exceed five years, as follows: For those eligible taxpayers whose ad valorem taxes paid to all political subdivisions in the taxable year was less than ten thousand dollars a refund shall be issued for all of the excess credit. For those eligible taxpayers whose ad valorem taxes paid to all political subdivisions in the taxable year was ten thousand dollars or more a refund of seventy-five percent of the excess credit shall be issued, and the remaining twenty-five percent of the credit may be carried forward as a credit against subsequent tax liability for a period not to exceed five years. **Research and Development Tax Credit:** Provides that any taxpayer who employs fifty or more persons and claims for the taxable year a federal income tax credit under 26 U.S.C. 41(a) for increasing research activities shall be allowed a refundable tax credit to be applied against income and corporation franchise taxes due in the manner provided for in R.S. 47: 6015 (K). Further provides, that any taxpayer who employs less than fifty persons and claims for the taxable year a federal income tax credit under 26 U.S.C. 41(a) for the taxable year, or meets the requirements of Subparagraph (3)(i) of this Subsection, shall be allowed a refundable tax credit to be applied against income and corporation franchise taxes due in the manner provided for in R.S. 47: 6015 (K). A taxpayer who receives a federal Small Business Innovation Research Grant as created by the Small Business Innovation Development Act of 1982 (P.L. 97-219), 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. If the amount of the credit authorized exceeds the amount of tax liability for the tax year, the excess credit may be carried forward as a credit against subsequent Louisiana income or corporation franchise tax liability for a period not to exceed five years.

The provisions of this Act shall apply to all claims for these credits on any return filed on or after July 1, 2015, regardless of the taxable year to which the return relates. The provisions of this Act shall not apply to an amended return filed on or after July 1, 2015, provided that these credits were properly claimed on an original return filed prior to July 1, 2015. Effective date June 19, 2015. ***See Revenue Information Bulletin No. 15-019.***

Act 140 [R.S. 47:6039] Grants a transferable Student Assessment for a Valuable Education (SAVE) credit for each student enrolled at a public institution of higher education. Each student assessed will be granted a SAVE credit against individual income, sales and use, gasoline, and special fuels taxes equal to the amount of the SAVE assessment. The amount of the credit will not exceed the average household tax liability in Louisiana for the following: individual income, sales and use, gasoline, and special fuels, as determined and published by the Department of Revenue no later than June 30th of each fiscal year. The aggregate amount of SAVE credits granted in any fiscal year cannot exceed $350 million. The Save credit is a transferable, nonrefundable credit, which will be transferred to the Board of Regents. The Board of Regents will certify to the Department of Revenue the total headcount enrollment at public institutions of higher learning for the previous fall. The Department of Revenue will then determine the total amount of the credit and will provide to the treasurer from current collections an amount of funds equal to such determination. Upon notification from the Department of Revenue, the treasurer will deposit or transfer such funds into the Higher Education Initiatives Fund. The credit or assessment cannot exceed the amount appropriated by the legislature from the Higher Education Initiatives Fund for each fiscal year. The Board of Regents will distribute all funds appropriated from the Higher Education Initiatives Fund from the SAVE Credit Program pursuant to its formula for the equitable distribution of funds to public institutions of higher education. No student or student's parent or legal guardian will be required to pay an assessment that is not offset by a SAVE credit. The SAVE Credit Program will be null, void, and of no effect after July 1, 2020. The Save Credit Program is applicable to tax years beginning on and after January 1, 2015. Effective June 19, 2015. ***See Revenue Information Bulletin No. 15-020.***

Act 144 [R.S. 47:1524(D)(2) and (3), and 6007(section heading), (B)(5), (10) through (16), (C)(subsection heading), (1)(introductory paragraph), (a)(iii), and (b)(iii), (2) and (4)(b) and (f), (D)(2)(d)(i), (E), and (F), and to enact R.S.47:6007(B)(17) and (18), (C)(1)(c)(iii), (D)(1)(d)(iv) and (2)(d)(iii), (G), and (H)] Provides that taxpayers choosing to transfer tax credits back to the state transfer such tax credits to the Department of Revenue and requires recovery of motion picture investor tax credits issued in violation of the tax credit law or its administrative interpretation issued or held by a bad faith holder of such tax credits. Except as provided for in Section 5, the provisions of Section 1 are effective on January 1, 2016. Except as provided for in Section 5, the provisions of Section 1, 2, and 4 are effective July 1, 2015.

Act 451 [R.S. 15:587(A)(1)(h) and R.S. 47:6007(C)(7)] ("***Broker Registration Act").*** Requires sellers of motion picture investor tax credits to qualify for and be included in a Public Registry of Motion Picture Investor Tax Credit Brokers. Effective January 1, 2016.

Act 452 [R.S. 47:6007(B)(8) and (D)(5)] Requires the Louisiana Workforce Commission and LDR to provide information to LED upon request to verify payroll and employment of Louisiana residents for purposes of the motion picture investor tax credit. Effective July 1, 2015.

Changes to the Motion Picture Investor/Production Company Tax Credit Program (as summarized by the Louisiana Department of Economic Development)

The following legislation made significant changes to the motion picture investor tax credit program: Acts 129,134,141,142,143,144, 361, 412, 417, 425, 451 & 452.

Caps & Limitations (Act 134)

- Individual salary:

For state-certified productions initially certified on or after July 1, 2015, payroll payments made directly to an individual shall exclude any portion of an individual salary in excess of $3 million. (Payments made to a loanout company are not subject to this cap.)

- Individual project:
  - For state-certified productions initially certified from July 1, 2015 through June 30, 2018, the maximum amount of credits that may be certified by LED for a single state-certified production shall not exceed $30 million, which may be structured over two or more years.
- Claims cap:
  - Effective July 1, 2015, for fiscal years 2016-2018, tax credit claims and transfers to the State (buy-back) shall be limited by the Department of Revenue (LDR) to an aggregate of $180 million each fiscal year.
  - The state shall not buy-back any motion picture investor tax credits from July 1, 2015 through June 30, 2016.

- **CPA Selection** (Act 412)
  - Final certification requests after 12/31/15: For applications for initial certification or requests for final certification received on or after January 1, 2016, LED shall directly engage and assign a CPA to prepare a production expenditure verification report on an applicant's cost report on production expenditure. The applicant will be assessed LED's actual cost for the production expenditure verification report fee and shall make all records related to the tax credit application available to LED and the CPA.
  - Final certification requests before 1/1/16: State-certified productions initially certified prior to July 1, 2015, requesting final certification prior to January 1, 2016, may:
    - engage a CPA of their choice and submit an audit with their request for final certification prior to December31, 2015, or
    - elect to use a CPA assigned by LED on or after January 1, 2016, but must submit the advance deposit with the request for final certification.

- **Fees** (Acts 129, 144, 361, 412 & 425)
  - Application fee: For applications for initial certification received on or after July 1, 2015, the fee for filing an application shall be equal to 0.5% of the amount of

the incentives or exempted taxes, with a minimum of $500 and a maximum of $15,000.

- Advance deposit for verification report fee: For applications for initial certification received on or after July 1, 2015, in addition to the application fee, an applicant shall also submit an advance deposit not to exceed $15,000.
- Verification report fee: For applications for initial certification or requests for final certification received on or after January 1, 2016, applicants shall be responsible for and assessed the actual cost of a verification report completed by a CPA assigned by LED, at a cost not to exceed $15,000 for productions with expenditures ranging from $300,000 to $25 million and $25,000 for projects in excess of $25 million.
- Supplemental verification report fee: For applications for initial certification received on or after January 1, 2016, which include notification of postproduction activities occurring in LA, a supplemental request for certification of expenditures may be submitted, with additional costs to be borne by the applicant as further provided by rule.
- Payroll withholding report fee: For state-certified productions initially certified on or after January 1, 2016, a $200 fee shall be payable to LDR at time of request for final certification.

- **Qualifying** (Act 134)
  - For state-certified productions initially **certified o**n or after July 1, 2015:
    - Expenditures: Marketing and promotion expenses shall be a qualifying expense category for certain expenditures made in Louisiana.
    - Applicants: "Louisiana indigenous production" expending $50,000 to $300,000, upon meeting certain Louisiana payroll requirements shall be eligible for a tax credit of 30% of base investment.
    - Projects: State-certified productions meeting certain criteria may aggregate a slate of no more than three productions to reach the $300,000 threshold for participation in the program.

- **Non-qualifying** (Acts 129, 134,141,142,143, 144 & 412)
  - **Expenditures:**
    - Louisiana Screenplay related party transactions – RPT expenditures do not qualify for the Louisiana screenplay credit.
    - Above the Line (ATL) services – For applications for initial certification received by the office on and after July 1, 2015, ATL expenditures exceeding 40% shall not qualify for credits.
    - ATL services – For state-certified productions initially certified on or after December 31, 2015, ATL related party transactions exceeding 12% shall not qualify for credits.
    - Verification report fee – shall not qualify for credits.
    - Airfare – For applications for initial certification received by the office on and after July 1, 2016, airfare expenditures shall not qualify for credits.

        - Bond fees, insurance premiums, finance fees, loan interest fees – For applications for initial certification received by the office on and after July 1, 2016, these expenditures shall not qualify for credits, except fees paid to certain Louisiana companies, based on the relative percentage of production activity occurring in Louisiana.
    - **Applicants:** For state-certified productions initially certified on or after July 1, 2015, when considering which productions may qualify for initial certification LED may consider conviction for a criminal offense as an incident to obtaining or attempting to obtain a motion picture tax credit.

- **Additional credits** (Act 134)
    - Screenplay: State-certified productions based upon a screenplay which meet certain Louisiana ownership criteria shall be eligible for an additional 15% credit of base investment. *(*No credits will be certified for the additional screenplay credit until promulgation of rules providing additional criteria for qualification.)*
    - Music: State-certified productions utilizing music meeting certain Louisiana ownership criteria shall be eligible for an additional credit of 15% of base investment to the extent of music expenditures. *(No credits will be certified for the additional music credit until promulgation of rules providing additional criteria for qualification.)*
    - Louisiana resident payroll: Compensation for services paid directly to a Louisiana resident shall be eligible for a 10% credit (payments made to a loan-out company are not eligible for this credit).

- **Miscellaneous Provisions** (Acts 129,144, 417 & 425)
    - Timely submission of requests for final certification: For state-certified productions initially certified on or after July 1, 2015:
        - Only expenditures made during the initial certification period shall earn credits.
        - Initial certifications shall be effective for qualifying expenditures made within 12 months prior and 24 months after the date of initial certification.
        - Only one request for final certification may be made, no later than six months after expiration of the initial certification. However, applicants who have indicated that post-production activities will occur in Louisiana may submit a supplemental request for final certification of such expenditures.
    - Revised logo requirement: State-certified productions initially certified on or after August 1, 2015, shall include a Louisiana promotional graphic or an alternative marketing opportunity which has been approved by LED, or be subject to a reduced base investment tax credit rate of 25%.
    - Tax withholding: State-certified productions initially certified on or after January 1, 2016, shall withhold and remit income taxes to LDR prior to final certification for credits.
    - Irrevocable designee: For state-certified productions initially certified on or after July 1, 2015, a bank or other lender may be named as an irrevocable designee in the initial

tax credit certification or other document submitted to the office, may receive direct issuance of the tax credits, and may elect to transfer the credits to LDR.

- For LED specific questions, please contact: Christopher Stelly, Executive Director Louisiana Entertainment chris.stelly@la.gov or 225.342.5403. Stephen Hamner, Director of Louisiana Film stephen.hamner@la.gov or 225.342.5403.

Corporation Income and Franchise Tax

Act 103 [R.S. 47:246(E) and (G), 287.86, 1621(B)(7), and 1623(C) and to enact R.S. 47:181(B)(3)] For any claim filed on or after July 1, 2015, regardless of the taxable year to which the return relates, eliminates the three year carryback of the net operating loss deduction for purposes of calculating corporate income tax liability and increases the carryover period from 15 years to 20 years. Effective July 1, 2015. ***See Revenue Information Bulletin No. 15-024.***

Act 112 [R.S. 47:287.95(F)(3) and 606(A)(1)(a)] provides relative to calculation of the Louisiana apportionment percent and taxable capital for manufacturers of certain aircraft. Effective June 19, 2015.

Act 117 [R.S. 47:297.13 and 1508(B)(37)] allows income tax deduction for each taxpayer who provides continuous employment, as described in the Act, to a qualified individual with a disability within this state. The amount of the deduction is equal to 50% of the gross wages paid to the individual during the first four continuous months of employment and 30% of the gross wages paid during each subsequent continuous month of employment. The Act limits the number of qualified individuals for which the deduction may be claimed to 100 and further authorizes the Department of Revenue to share confidential information with the Department of Health and Hospitals for purposes of implementing the program. Effective June 19, 2015.

Act 123 [R.S. 47:51, 158(C) and (D), 246(A), 287.71(B)(2), (3), and (6), 287.73(C)(4), 287.86(A)(introductory paragraph), 287.738(F)(1) and (G), and 287.745(B), and R.S. 51:3092] reduces exclusions and deductions from corporate gross income for a variety of situations by 28%. Effective dates: Sections 1 and 2 effective July 1, 2015 through June 30, 2018. Sections 3 and 4 are effective July 1, 2018. Sections 6 and 7 are effective July 1, 2015. ***See Revenue Information Bulletin No. 15-017.***

Individual Income Tax

Act 109 [R.S. 47:33(A)(4) through (6)] enacted to add requirements and limitations for claiming the individual income tax credit for income taxes imposed by and paid to another state on income subject to Louisiana tax. For all returns filed on or after July 1, 2015, regardless of the taxable year for which the return is filed, the credit is subject to the following conditions:

- Will be allowed only if the other state provides a similar credit for Louisiana income taxes paid on income derived from property located in, or from services rendered in, or from business transacted in this state.

- Will be limited to the amount of Louisiana income tax that would have been imposed if the income earned in the other state had been earned in this state.
- Will not be allowed for income taxes paid to a state that allows a nonresident a credit against the income taxes imposed by that state for taxes paid or payable to the state of residence.
- Provisions of R.S. 33 (A)(4) through (6) will not apply to an amended return filed on or after July 1, 2015 relating to a claim for the credit if the credit was properly claimed on an original return filed prior to July 1, 2015.
- If a return is filed after July 1, 2015 and a valid filing extension was allowed prior to July 1, 2015, then any portion of the credit that was disallowed pursuant to R.S. 47:33(A)(4) through (6) will be allowed as a tax credit in the amount of one-third of the disallowed portion of the credit on the return for each taxable years beginning during calendar years 2017, 2018, and 2019.
- R.S. 47:33(A)(4) through (6) become effective on July 1, 2015 and will remain effective through June 30, 2018.
- Effective July 1, 2018, R.S. 47:33(A)(4) through (6) are repealed in their entirety.
- ***See Revenue Information Bulletin No. 15-018.***

Act 290 [R.S. 47:120.291] provides for individual income tax return checkoff for The American Rose Society. Effective for taxable periods beginning on or after January 1, 2016.

Act 349 [R.S. 47:120.291] provides for individual income tax return checkoff for The Extra Mile, Southeast La. and other regional The Extra Mile organizations. Effective for taxable periods beginning on or after January 1, 2016.

Act 388 [R.S. 47: 120.291 and 120.192] provides for an individual income tax return checkoff for the Louisiana Naval War Memorial Commission; U.S.S. Kidd. The Act also provides for individual income tax return checkoff for the Emerge Center for Communications, Behavior, and Development. Effective for taxable periods beginning on or after January 1, 2016.

Act 411 [R.S. 36:802.24 and R.S. 46:1722(1), (2), and (7)(introductory paragraph) and (h), 1723, and 1725(B)(2), R.S. 17:3093.1, R.S. 36:651(T)(6), and R.S. 46:1722(8) and (9) and 1726 through 1730, and repeals R.S. 36:259(Y) and R.S. 46:1722(4) through (6), 1724, and 1725(D)] provides, relative to the Achieving a Better Life Experience in Louisiana ("ABLE) Act Account Program, established by the Louisiana ABLE Act, that for tax years beginning on and after January 1, 2016, amounts deposited in an ABLE Account on behalf of any designated beneficiary shall be excluded from tax table income for purposes of Louisiana income tax in accordance with applicable provisions of R.S. 47:293(9)(a). Effective July 1, 2015.

Excise Tax

Act 94 [R.S. 47:841(introductory paragraph), (B)(6), (F) and (G), 841.2, 842(20), (21), (22), and (23)] increases the tax on cigarettes to 86 cents, imposes a tax of 5 cents per milliliter of consumable nicotine liquid solution or other material containing nicotine that is depleted as a

vapor products is used and creates the Tobacco Tax Medicaid Match Fund. The Act defines vapor products to include any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device and any vapor cartridge or other container of nicotine in a solution or other form that is intended to be used with or in an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device. The cigarette tax increase is effective July 1, 2015. The tax on vapor products is effective August 1, 2015. ***See Revenue Information Bulletin No. 15-023.***

Act 105 [R.S. 47:854(B)] extends the excise tax exemption from Dec. 31, 2016, to Dec. 31, 2025, for cigars or pipe tobacco sampled during the convention of the International Premium Cigar and Pipe Retailers Association. Effective July 1, 2015.

Act 147 [R.S. 3:4602(12.1), 4684 and R.S. 3:4690.1, the introductory paragraph of R.S. 47:818.2, and R.S. 47:818.2(18), (22), (43), (44), (58), and (63), 818.22(A) and (B), R.S. 47:818.101 through 104 and R.S. 47:818.111 through 818.132]

- Beginning Jan. 1, 2016, the tax levied on special fuels shall not be collected pursuant to the annual decal but rather the amount of the tax shall be converted from a tax levied per gallon on such special fuel to a tax levied per gallon but based on the special fuel's energy content as follows:
    1. Diesel gallon equivalent for liquefied natural gas (LNG) shall be equal to 6.060 pounds of LNG and shall be the unit of measurement of the tax levied.
    2. The gasoline gallon equivalent for liquefied petroleum gas (LPG) shall be energy equivalent rate equal to 73% percent of the state tax per gallon on gasoline and diesel fuel and shall be the unit of measurement of the tax levied.
    3. Gasoline gallon equivalent for compressed natural gas (CNG) shall be equal to 5.660 pounds of CNG and shall be the unit of measurement of the tax levied.

- Repeals prior law as it relates to issuance of an annual decal and adds a transitional provision for the department to continue issuing decals from July 1, 2015, through Dec. 31, 2015, for the operation of vehicles which use LNG, LPG, or CNG in order for the taxes due on this fuel to be paid. The amount of the decal shall be calculated at a rate of one-twelfth of the total annual decal amount for each month the decal is valid.
- Requires the tax to be collected by any person or entity upon the delivery of the fuel into the fuel supply tank of a motor vehicle. However, requires any person or entity to possess a license for utilizing, delivering, or selling such fuels and otherwise provides for requirements for collection of the per-gallon tax by the licensed users, dealers, and sellers; application, suspension, cancellation, and revocation of licenses; bond requirements; returns, payments, credits, refunds, and fines, penalties, and interest for failure to pay associated with the tax; records retention and inspection; and investigative and enforcement authority, including authorization for search and seizure and criminal penalties for certain prohibited acts.
- Reduces the administrative discount to supplier for filing returns and remitting payment timely from one and one-half percent to one-half percent.

- Reduces deduction from 1% to one-third of 1% for licensed distributor or importer.
- Authorizes and requires the Commissioner of Agriculture to assist the secretary of the Dept. of Revenue in collecting the taxes and any interest or penalties due pursuant to the provisions of new law.
- The reduction in the administrative discount is effective July 1, 2015.
- The effective date for taxing special fuels to gallon equivalents is January 1, 2016.
- ***See Revenue Information Bulletin No. 15-022.***

Sales Tax

HCR 8 Suspended all of the exemptions from the tax for sales of steam, water, electric power or energy, and natural gas, and any other exemptions provided in Chapter 2 of Subtitle II of Title 47. This would also include boiler fuel under R.S. 47:305(D)(1)(h) and utilities used by steelworks and blast furnaces under R.S. 47:305.51.Residential utilities will still be exempt. Business utilities excluded under the provisions of R.S. 47:301 are not subject to this suspension. HCR 8 will subject nonbusiness utilities to 1% sales tax. There are a few exclusions in sales tax law such as R.S. 47:301(10)(c)(i)(bb) which excludes natural gas used in the direct reduced iron process, 301(10)(c)((ii)(aa) for electricity used by chlor-alkali facilities, and 301(13)(m) for electricity and natural gas used by wood and paper facilities; these facilities will remain excluded from tax because they are protected by an exclusion. Effective July 1, 2015. ***See Revenue Information Bulletin No. 15-016.***

Act 90 [R.S. 47:301(14)(e)]is relative to the tax levied on the sale of laundry, cleaning, pressing and dyeing services and provides that these services shall be taxable at the location where the laundered, cleaned, pressed, or dyed article is returned to the customer. Effective August 1, 2015.

Act 102 [R.S. 47:305(D)(3)] The "Deauxnut Fairness Act" amended Louisiana Revised Statute 47:305(D)(3) as it relates to the sale of bakery products. Bakery products sold for consumption in the home when purchased at grocery stores, bakeries and donut shops are exempt from state sales and use taxes. This state sales tax exemption applies regardless whether such business furnishes facilities for the consumption of food on the premises. Effective July 1, 2015. ***See Revenue Information Bulletin No. 15-014.***

Act 107 [R.S. 47:303(B)(8)] authorizes the Department of Revenue to collect sales or use tax on motor vehicles purchased by foreign business entities when the department determines that the foreign business entity was organized for purposes of tax avoidance. The factors used in making such a determination include each of the following:

- Whether the foreign business entity has a specific purpose to acquire the vehicle.
- Whether the users of the vehicle reasonably compensate the foreign business entity for the use of the vehicle.
- Whether the foreign business entity fails to maintain a physical location in the foreign state.

- Whether the foreign business entity fails to employ individual persons.
- Whether the foreign business entity fails to file federal tax returns or fails to file a required state tax return in the foreign state.
- The location and jurisdiction of the where the vehicle is stored.
- The domicile of the most frequent drivers and passengers of the vehicle.
- The duration of the trips for which the vehicle is used.
- Effective June 19, 2015.

Act 116 [R.S. 47:301(10)(m)] exempts certain aircraft manufactured in this state from state and local sales and use taxes. Additionally, changes the seating capacity for such aircraft manufactured or assembled in La. from a capacity in excess of 50 persons to a maximum capacity of eight persons. Additionally specifies that the place at which the aircraft is ultimately received shall be considered as the place at which the aircraft is stored after all transportation has been completed. Effective June 19, 2015.

Act 468-[R.S. 47:305(D)(1)(k) and (4)(a) and 337.9(C)(14.1)] provides for an exclusion from the sales and use tax levied by local taxing authorities or political subdivision for the sale of prosthetic devices which are sold to an individual or medical service provider with the intention of being personally used by individuals pursuant to a prescription from a physician, provided that the individual is insured by the state of Louisiana Medicaid program. Effective July 1, 2015.

Severance Tax

Act 120 [R.S. 47:633(7)(c)(iii)(introductory paragraph) and (7)(d)] establishes the severance tax exemption for horizontally drilled wells and horizontally drilled recompletion wells for which production occurs on or after July 1, 2015.

- The secretary shall determine the oil price upon which the exemption for a horizontal well that produces oil shall be based on July 1st of each year for the ensuing twelve months based upon the average New York Mercantile Exchange Price ("NYMEX") per barrel of crude oil per month on the close of business June 30th for the prior twelve months. The amount of the exemption for a horizontal well that produces oil shall be as follows:
    1. The exemption shall be one hundred percent if the price of oil is at or below seventy dollars per barrel. Therefore, no tax is due.
    2. The exemption shall be eighty percent if the price of oil is above seventy dollars and at or below eighty dollars per barrel. Therefore, tax is due at the full rate of 12.5% of the gross value on the remaining disposition (amount sold) of 20%.
    3. The exemption shall be sixty percent if the price of oil is above eighty dollars and at or below ninety dollars per barrel. Therefore, tax is due at the full rate of 12.5% of the gross value on the remaining disposition (amount sold) of 40%.

4. The exemption shall be forty percent if the price of oil is above ninety dollars and at or below one hundred dollars per barrel. Therefore, tax is due at the full rate of 12.5% of the gross value on the remaining disposition (amount sold) of 60%.
5. The exemption shall be twenty percent if the price of oil is above one hundred dollars and at or below one hundred ten dollars per barrel. Therefore, tax is due at the full rate of 12.5% of the gross value on the remaining disposition (amount sold) of 80%.
6. There shall be no exemption in effect if the price of oil exceeds one hundred ten dollars per barrel. Therefore, tax is due at the full rate of 12.5% of the gross value on the entire disposition (amount sold).

- The secretary shall determine the natural gas price upon which the exemption for a horizontal well that produces natural gas shall be based on July First of each year for the ensuing twelve months based upon the average New York Mercantile Exchange Price per million BTU per month on the close of business June 30th for the prior twelve months. The amount of the exemption for a horizontal well that produces natural gas shall be as follows:
    1. The exemption shall be one hundred percent if the price of natural gas is at or below four dollars and fifty cents per million BTU. Therefore, no tax is due.
    2. The exemption shall be by eighty percent if the price of natural gas is above four dollars and fifty cents per million BTU and at or below five dollars and fifty cents per million BTU. Therefore, tax is due at the full rate of 15.8 cents per MCF on the remaining production of 20%.
    3. The exemption shall be sixty percent if the price of natural gas is above five dollars and fifty cents per million BTU and at or below six dollars per million BTU. Therefore, tax is due at the full rate of 15.8 cents per MCF on the remaining production of 40%.
    4. The exemption shall be forty percent if the price of natural gas is above six dollars per million BTU and at or below six dollars and fifty cents per million BTU. Therefore, tax is due at the full rate of 15.8 cents per MCF on the remaining production of 60%.
    5. The exemption shall be twenty percent if the price of natural gas is above six dollars and fifty cents per million BTU and at or below seven dollars per million BTU. Therefore, tax is due at the full rate of 15.8 cents per MCF on the remaining production of 80%.
- There shall be no exemption in effect if the price of natural gas exceeds seven dollars per million BTU. Therefore, tax is due at the full rate of 15.8 cents per MCF.
- Effective July 1, 2015. ***See Revenue Information Bulletin No. 15-012.***

Local Tax Collection and Administration

Act 1 [R.S. 47:301(14)(g)(i)(bb)] provides for an exclusion from the sales and use tax levied by Calcasieu Parish for the furnishing of repairs to aircrafts, under certain circumstances. Effective May 22, 2015.

Act 39 [R.S. 47:302.55, 322.48, and 332.54] dedicates the avails of the tax levied by Grant Parish on the sale of services to the Grant Parish Economic Development Fund. Effective July 1, 2015.

Act 182 [R.S. 47:332.23(B)] specifies that monies in the St. James Parish Enterprise Fund shall be appropriated to the St. James Parish governing authority; broadens the purposes for which the fund may be used. Effective July 1, 2015.

Act 293 [R.S. 47:302.16(B)] requires 80% of the monies in the Winn Parish Tourism Fund to be appropriated to the Greater Winn Parish Development Corporation for the La. Political Museum Hall of Fame and 20% to be appropriated to the Winn Chamber of Commerce and Tourism. Effective July 1, 2015.

STATEMENTS OF POLICY

Revenue Information Bulletin No. 15-026
July 2, 2015
Individual Income Tax

On July 1, 2015, the Fifth Circuit Court of Appeals recognized the Supreme Court's decision in *Obergefell v. Hodges*, No. 14-559, 2015 U.S. LEXIS 4250 (U.S. June 26, 2015). In doing so, the Court remanded the matter to the United States District Court with instructions to act expeditiously in rendering a judgment in favor of the plaintiffs in *Robicheaux v. Caldwell* No. 13-5090C/W No. 14-97 & No. 14-327, Sect. F. The District Court rendered said decision on July 2, 2015. Pursuant to such judgment and orders, Revenue Information Bulletin No. 13-024 dated September 13, 2013 is hereby repealed.

Married same-sex couples may file tax returns utilizing the married filing jointly status subject to other applicable laws, regulations and policies (i.e., R.S. 47:294 requires that taxpayers use the same filing status and claim the same exemptions on their federal and state tax returns).

Married same-sex taxpayers may amend prior state returns in accordance with other applicable laws, regulations and policies (i.e., R.S. 47:1623 provides Louisiana taxpayers may amend a state return within three years of the filing deadline for the original tax return or one year from the time when the tax was paid, whichever is later, no refund or credit for an overpayment shall be made unless a claim for credit or refund has been filed with the secretary by the taxpayer claiming such credit or refund before the expiration of said three year or one-year period).

Revenue Information Bulletin No. 15-029
July 8, 2015
Severance Tax
Prices Applicable to Oil and Gas for Horizontal Wells

Act 120 of the 2015 Legislative Session amended R.S. 47:633(7) concerning the suspension of severance taxes on horizontally drilled wells. For horizontal wells commencing production on or after July 1, 2015, the severance tax exemption is dependent on the average price of oil or gas for the prior year. Act 120 requires the secretary to determine the price of oil and gas upon which the exemption will be based on July 1st of each year based on the average monthly New York Mercantile Exchange price for the prior twelve months.

For the fiscal year beginning July 1, 2015 and ending June 30, 2016, the secretary has determined the prices applicable to the horizontal severance tax exemption to be **$69.22** per barrel of oil and **$3.34** per million BTU of natural gas. Since these amounts are below the $70 threshold for oil and $4.50 threshold for gas, production from horizontal wells will remain exempt through June 30, 2016. This exemption is limited to twenty-four months or until payout of the well is achieved, whichever comes first.