Regular Session, 2007

HOUSE BILL NO. 359

BY REPRESENTATIVES TOWNSEND, ARNOLD, BADON, BALDONE, BURRELL, CURTIS, FARRAR, FAUCHEUX, HEATON, HILL, HONEY, KENNEY, MCDONALD, MONTGOMERY, RICHMOND, RITCHIE, AND JANE SMITH AND SENATOR MURRAY

1	AN ACT
2	To amend and reenact R.S. 47:297.6(A)(1) and (5), 6019(A)(1)(a) and (2)(a), and (B)(1) and
3	to enact R.S. 47:305.56, relative to tax exemptions and credits; to authorize a sales
4	and use tax exemption for certain works of art; to increase the tax credit applicable
5	in certain development districts; to authorize the establishment of cultural product
6	districts; to provide relative to certain definitions; to authorize a tax credit for the
7	rehabilitation of historic structures in cultural product districts; to provide for
8	accountability; and to provide for related matters.
9	Be it enacted by the Legislature of Louisiana:
10	Section 1. R.S. 47:297.6(A)(1) and (5), 6019(A)(1)(a) and (2)(a), and (B)(1) are
11	hereby amended and reenacted and R.S. 47:305.56 is hereby enacted to read as follows:
12	§297.6. Reduction to tax due; rehabilitation of residential structures
13	A.(1) There shall be a credit against individual income tax liability due under
14	this Title for the amount of eligible costs and expenses incurred during the
15	rehabilitation of an owner-occupied residential or owner-occupied mixed use
16	structure located in a National Register Historic District, a local historic district, a
17	Main Street District, <u>a cultural products district</u> , or a downtown development district,
18	or such owner-occupied residential structure which has been listed or is eligible for
19	listing on the National Register, or such structure which has been certified by the
20	State Historic Preservation Office as contributing to the historical significance of the
21	district, or a vacant and blighted owner-occupied residential structure that is at least
22	fifty years old. The tax credit authorized pursuant to this Section shall be limited to

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1 one credit per structure rehabilitated. The total credit shall not exceed twenty-five 2 thousand dollars per structure. In order to qualify for that credit, the rehabilitation 3 costs of the structure must exceed twenty thousand dollars. The credit shall be 4 calculated using the following percentages of the eligible costs and expenses of the 5 rehabilitation based on the adjusted gross income of the owner-occupant. If the 6 residential structure is owned and occupied by two or more individuals, the 7 applicable percentage shall be based on the sum of the adjusted gross incomes of all 8 owner-occupants who contribute to the rehabilitation, and the credit will be divided 9 between the owner-occupants in proportion to their contribution to the eligible costs 10 and expenses, unless they agree to an alternate division as follows:

(a) If the adjusted gross income is less than or equal to fifty thousand dollars,
the credit shall be twenty-five percent of the eligible costs and expenses of the
rehabilitation.

(b) If the adjusted gross income is greater than fifty thousand dollars and less
than or equal to seventy-five thousand dollars, the credit shall be twenty percent of
the eligible costs and expenses of the rehabilitation.

(c) If the adjusted gross income is greater than seventy-five thousand dollars
and less than or equal to one hundred thousand dollars, the credit shall be fifteen
percent of the eligible costs and expenses of the rehabilitation.

20 (d) If the adjusted gross income is greater than one hundred thousand dollars,
21 the credit is only available for the rehabilitation of a vacant and blighted owner22 occupied residential structure that is at least fifty years old, and the credit shall be ten
23 percent of the eligible costs and expenses of the rehabilitation.

24 * *

(5) The maximum amount of tax credits allowed by the State Historic
Preservation Office to be granted in any calendar year shall not exceed one ten
million dollars. The granting of credits under this Section shall be on a first-come,
first-served basis. If the total amount of credits applied for in any particular year

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1	exceeds the aggregate amount of tax credits allowed for that year, the excess will be
2	treated as having been applied for on the first day of the subsequent year.
3	* * *
4	<u>§305.56. Exemptions; sale of art work</u>
5	A. The sales and use taxes imposed by the state of Louisiana or any of its
6	political subdivisions shall not apply to the sale of original, one-of-a-kind works of
7	art from an established location within the boundaries of a cultural product district.
8	B. For purposes of this Section, the following phrases shall have the
9	following meanings:
10	(1) "Cultural product district" shall mean a district designated by a local
11	governing authority in accordance with law for the purpose of revitalizing a
12	community by creating a hub of cultural activity, including affordable artist housing
13	and work space. The Department of Culture, Recreation and Tourism shall develop
14	standard criteria for cultural product districts. Such criteria shall include that the
15	district shall be geographically contiguous and distinguished by cultural resources
16	that play a vital role in the life and cultural development of a community. The
17	district shall focus on a cultural compound, a major art institution, art and
18	entertainment businesses, an area with arts and cultural activities or cultural or
19	artisan production and be engaged in the promotion, preservation, and educational
20	aspects of the arts and culture of the locale, and contribute to the public through
21	interpretive and educational uses. The Department of Culture, Recreation and
22	Tourism may determine whether or not a district complies with this definition.
23	(2) "Works of art" shall mean visual arts and crafts including but not limited
24	to paintings, photographs, sculpture, pottery, and traditional or fine crafts. The
25	Department of Culture, Recreation and Tourism may determine whether or not an
26	item meets this definition as well as whether the item is "original, one-of-a-kind"
27	work.
28	C.(1) The local governing authority shall prepare a written report to be
29	submitted to the Department of Culture, Recreation and Tourism by January 1, 2011,
30	and every second year thereafter, outlining the overall impact of the tax exemptions

2describe the impact of the program.3(2) The Department of Culture, Recreation and Tourism shall collate the reports received pursuant to Paragraph (C/I) of this Subsection and submit a report to the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs no less than sixty days prior to the start of the Regular Session of the Legislature in 2011, and every second year thereafter. The report shall include the overall impact of the tax exemption, the amount of art sales, and any other factors that describe the impact of the program.10* * * *11\$6019. Tax credit; rehabilitation of historic structures12A.(1)(a) There shall be a credit against income and corporation franchise tax for the amount of eligible costs and expenses incurred during the rehabilitation of a historic structure located in a downtown development or a cultural product district. The credit shall not exceed twenty-five percent of the eligible costs and expenses of the rehabilitation. No taxpayer, or any entity affiliated with such taxpayer, shall receive more than five million dollars of credit for any number of structures the rehabilitated within a particular downtown development or cultural product district.19* * * *20(2)(a) In order to qualify for the credit, the historic structure located in the downtown development or cultural product district.21& * * *22B.(1) Definitions. For purposes of this Section, the following words and optrases shall have the meanings ascribed to them in this Subsection: (a) "Cultural product district" shall mean a district designated by a local portase shall have the meanings ascribed to them in this Subsection:23and workspace. The Department of Culture, Recre	1	on their community, the amount of tax-exempt art sales, and any other factors that
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1	standard criteria for cultural product districts. Such criteria shall include that the
2	district must be geographically contiguous and distinguished by cultural resources
3	that play a vital role in the life and cultural development of a community. The
4	district shall focus on a cultural compound, a major art institution, art and
5	entertainment businesses, an area with arts and cultural activities or cultural or
6	artisan production and be engaged in the promotion, preservation, and educational
7	aspects of the arts and culture of the locale and contribute to the public through
8	interpretive and educational uses. The Department of Culture, Recreation and
9	Tourism may determine whether or not a district complies with this definition.
10	(a)(b) "Downtown development district" shall mean a downtown
11	development district or central business development district created by law,
12	pursuant to law, or by ordinance adopted prior to January 1, 2002, in a home rule
13	charter municipality.

14(b)(c)"Eligible costs and expenses" shall mean qualified rehabilitation15expenditures as defined in Section 47c(2)(A) of the Internal Revenue Code of 1986,16as amended, except that "substantially rehabilitated" shall mean that the qualified17rehabilitation expenditures must exceed ten thousand dollars.

18 * * *
19 Section 2. The provisions of this Act shall apply to taxable years beginning January
20 1, 2008.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____

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