

NOTICE OF INTENT

Department of Revenue Policy Services Division

Louisiana Youth Jobs Tax Credit (LAC 61:I.1921)

Under the authority of R.S. 47:1511 and 6028 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, proposes to adopt LAC 61:I.1921 relative to the Louisiana Youth Jobs Tax Credit.

Revised Statute 47:6028 authorizes a credit for businesses that hire an eligible youth, as defined therein. The purpose of the proposed adoption is to implement Act 454 of the 2021 Regular Session of the Louisiana Legislature relative to the Youth Jobs Tax Credit.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 19. Miscellaneous Tax Exemptions, Credits and Deductions

§1921 Louisiana Youth Jobs Tax Credit

A. General Description.

1. The Youth Jobs credit provides an income and franchise tax credit for businesses that hire one or more eligible youth, as defined herein, on or after July 1, 2021. The credit is allowable on a one-time basis for each eligible youth hired.

2. To be eligible for the credit, a business must employ an individual who:

a. meets the definition of an eligible youth, as defined herein, on or after July 1, 2021;

b. has worked in a full-time or part-time position, as defined herein, for at least three consecutive months at the business seeking to utilize the credit.

3. For a business seeking to utilize the credit for the amounts authorized for a full-time position, as provided in Paragraph D.2., an individual must have worked for three consecutive months in a full-time position in order to be eligible for the amounts so authorized.

4. The credit shall be earned in the year in which the eligible youth completes the third consecutive month of work in either a full-time or part-time position. Under no circumstances may a business earn more than one credit per eligible youth.

5. The credit shall be allowed against the income tax for the taxable period for which the credit is earned and against the franchise tax for the taxable period following the period in which the credit is earned. If the tax credit allowed pursuant to R.S. 47:6028 exceeds the amount of such taxes due, any unused credit may be carried forward as a credit against subsequent liability for a period not to exceed five years.

6. A taxpayer shall not receive any other incentive for the job creation or hiring of an eligible youth for which the taxpayer has received a tax credit pursuant to this Section, including but not limited to the provisions of R.S. 25:1226, 47:6023, 6026, 6033 or 51:1787, and 2451.

B. Definitions.

Department -The Louisiana Department of Revenue

Eligible Youth- an individual who:

1. Has attained the age of sixteen but not yet attained the age of twenty-four.

2. Is unemployed prior to being hired by a business that will apply for a credit pursuant to the provisions of this Section.

3. Will be working in a full-time or part-time position that pays wages that are equivalent to the wages paid for similar jobs, with adjustments for experience and training.

4. Meets at least one of the following criteria:

a. is at least eighteen years old, is no longer in school, and does not have a high school diploma, HiSET or GED credential, or high school equivalency diploma.

b. is a member of a family that is receiving assistance from the Family Independence Temporary Assistance Program.

c. is a member of a family that is receiving benefits through the Supplemental Nutrition Assistance Program.

d. is a member of a family that is receiving assistance from the Kinship Care Subsidy Program.

e. is a member of a family that is receiving assistance or benefits under the Temporary Assistance for Needy Families Program.

f. has served time in jail or prison or is on probation or parole.

g. is pregnant or is a parent.

h. is homeless.

i. is currently or was in foster care, extended foster care, or the custody of the Department of Children and Family Services.

j. is a veteran.

k. is the child of a parent who is currently incarcerated or was released from incarceration within the past two years.

l. lives in public housing or receives housing assistance such as a Section 8 voucher.

Full-time Position-a position in which a person works at least thirty-two hours per week.

Part-Time Position-a position in which a person works at least twenty hours per week but less than thirty two hours per week.

C. Application.

Beginning January 1, 2022, taxpayers seeking to utilize the youth jobs tax credit for taxable periods beginning on or after January 1, 2021 must annually apply for and be deemed eligible for the credit by the Department. The application period for calendar year 2021 shall begin on March 1, 2022 and conclude on April 30, 2022. Thereafter, the application period shall begin on January 1 and conclude on February 28 of the subsequent calendar year. Applications may not be submitted and will not be accepted prior to the application period. Taxpayers must electronically submit a Louisiana Youth Jobs Tax Credit Application (Form R-90004) to the Department for review. Each application must include an employee-completed Louisiana Youth Jobs Tax Credit Employee Certification (Form R-90004-B) for each employee claimed, which includes the qualifying employee's date of birth, date of hire, and satisfied employment criteria of the eligible youth, as defined herein, as well as all other required information. After exercising due diligence to ensure compliance with the requirements provided herein, qualifying taxpayers must maintain supporting documentation which can be produced upon request of the Department to substantiate the qualification of an eligible youth. Completed applications should be submitted to YouthJobsCredit@La.gov. A taxpayer is deemed eligible upon satisfactorily demonstrating that it has met the requirements of Subsection A of this Section during the calendar year.

D. Approval.

1. For calendar year 2021, the Department shall notify each taxpayer that submitted a timely and complete application as to whether the application has been approved or denied as to each youth employee no later than July 1, 2022. For all application periods subsequent to calendar year 2021, the Department shall send such notice no later than May 1 following the close of the application period. If approved, the tax notice letter shall include Form R-90004 indicating the amount of credit earned and the taxable periods against which the nonrefundable credit(s) may be used. If denied, the letter shall so provide the reasons for denial.

2. Pursuant to R.S. 47:6028, an approved application shall authorize a taxpayer for eligibility for one or more nonrefundable credit(s) with a carryforward of five years equal to \$750 or \$1250 for each eligible youth employed in either a part-time or full-time position, respectively, unless subject to proration, for the tax period deemed eligible. In the event the taxpayer is subject to proration due to the credit cap provisions, the taxpayer shall only be eligible for a credit equal to the pro rata amount for the tax period deemed eligible.

3. For each calendar year, beginning with the March 1-April 30, 2022 application period, the Department shall not approve credits in excess of \$5,000,000. For purposes of administering the credit cap, the Department shall count each approved eligible youth employed either part-time or full-time at a value of \$750 or \$1250, respectively, or if subject to proration, the pro rata value. Eligible applications shall be approved for the credit by the Department on a first-come, first-served basis as determined by the received date of a completed Louisiana Youth Jobs Tax Credit Application. An application shall not be considered complete until all information requested by the Department has been received.

4. All applications received on the same business day shall be treated as received at the same time, and if the aggregate amount of requests received on the same business day exceeds the total amount of available tax credits, tax credits shall be approved on a pro rata basis.

5. In the event it is determined by the Department that the taxpayer has not met the requirements of Subsection A of this Section, any amounts approved are subject to disallowance and any amounts allowed to offset tax are subject to recapture by the Department.

E. Claiming the Credit

Taxpayers claiming tax credits on a return must include Form R-90004. The accrual of interest shall be suspended during any period of time that a delay in the issuance of a refund is attributable to the taxpayer's failure to provide information or documentation required herein, as provided by R.S. 47:1624(F).

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:1511 and R.S. 47:6028.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 48:

Family Impact Statement

The proposed adoption of LAC 61:I.1921, regarding Louisiana Youth Jobs tax credits, should not have any known or foreseeable impact on any family as defined by R.S. 49:972(D) or on family formation, stability and autonomy. Specifically, the implementation of the proposed amendment will have no known or foreseeable effect on:

1. The stability of the family.
2. The authority and rights of parents regarding the education and supervision of their children.
3. The functioning of the family.
4. Family earnings and family budget.
5. The behavior and personal responsibility of children.
6. The ability of the family or a local government to perform this function.

Poverty Statement

This proposed adoption of LAC 61:I.1921 will have no impact on poverty as described in R.S. 49:973.

Small Business Statement

It is anticipated that the proposed regulation should not have a significant adverse impact on small businesses as defined in the Regulatory Flexibility Act. The agency, consistent with health, safety, environmental and economic factors has considered and, where possible, utilized regulatory methods in drafting this proposed amendment to accomplish the objectives of applicable statutes while minimizing any anticipated adverse impact on small businesses.

Provider Impact Statement

The proposed regulation will have no known or foreseeable effect on:

1. The staffing levels requirements or qualifications required to provide the same level of service.
2. The total direct and indirect effect on the cost to the provider to provide the same level of service.
3. The overall effect on the ability of the provider to provide the same level of service.

Public Comments

Any interested person may submit written data, views, arguments or comments regarding these proposed amendments to Brad Blanchard, Attorney, Policy Services Division, Office of Legal Affairs by mail to P.O. Box 44098, Baton Rouge, LA 70804-4098. All comments must be received no later than Monday, 4:00 p.m., January 24, 2022.

Public Hearing

A public hearing will be held on Tuesday, January 25, 2022, at 2:00 p.m. in the LaBelle Room, on the first floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802.

Kimberly J. Lewis
Secretary, Department of Revenue

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rule is not anticipated to result in implementation cost or savings to the state or local government units.

Act 454 of the 2021 Regular Session of the Louisiana Legislature established a non-refundable tax credit to be applied against Louisiana income tax or corporate franchise tax for employers that hire “eligible youth” on or after July 1, 2021. The business must employ the youth for three consecutive months in order to earn the credit. The tax credit amount is \$1,250 per youth hired for a full-time job and \$750 per youth hired for a part-time job.

The proposed rule sets up the application process and the process of approving credits under the established \$5 million cap on granted credits.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rule will decrease SGF for the state, with a maximum of the cap amount of \$5 million per year. The Department of Revenue cannot predict how

many employers would seek to hire eligible youth. Of those eligible youth hired, the Department cannot predict how many would be employed full-time versus part-time.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS (Summary)

Businesses will need to submit an application to the Department in order to apply for and be certified for the credit. Additional cost for completion and submission of the required paperwork by participating businesses of this proposed rule are expected to be minor.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

The proposed rule incentivizes the employment of eligible disadvantaged youth, but a reasonable determination of the effect on competition and employment cannot be made.

