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ACT No. 298

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, a cultural products district, 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

Page 1 of 5

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Page 2

HB NO. 359

ENROLLED

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:

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

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

17 (c) If the adjusted gross income is greater than seventy-five thousand dollars
18 and less than or equal to one hundred thousand dollars, the credit shall be fifteen
19 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 owner-
22 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 * * *

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

Page 2 of 5

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HB NO. 359

ENROLLED

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 §305.56. Exemptions; sale of art work

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

Page 3 of 5

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Page 4

HB NO. 359

ENROLLED

1 on their community, the amount of tax-exempt art sales, and any other factors that
2 describe the impact of the program.

3 (2) The Department of Culture, Recreation and Tourism shall collate the
4 reports received pursuant to Paragraph (C)(1) of this Subsection and submit a report
5 to the House Committee on Ways and Means and the Senate Committee on Revenue
6 and Fiscal Affairs no less than sixty days prior to the start of the Regular Session of
7 the Legislature in 2011, and every second year thereafter. The report shall include
8 the overall impact of the tax exemption, the amount of art sales, and any other factors
9 that describe the impact of the program.

10 * * *

11 §6019. Tax credit; rehabilitation of historic structures

12 A.(1)(a) There shall be a credit against income and corporation franchise tax
13 for the amount of eligible costs and expenses incurred during the rehabilitation of a
14 historic structure located in a downtown development or a cultural product district.
15 The credit shall not exceed twenty-five percent of the eligible costs and expenses of
16 the rehabilitation. No taxpayer, or any entity affiliated with such taxpayer, shall

17 receive more than five million dollars of credit for any number of structures
18 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
21 downtown development or cultural product district shall also be listed on the
22 National Register of Historic Places or be certified by the state historic preservation
23 office as contributing to the historical significance of the district.

24 * * *

25 B.(1) Definitions. For purposes of this Section, the following words and
26 phrases shall have the meanings ascribed to them in this Subsection:

27 (a) "Cultural product district" shall mean a district designated by a local
28 governing authority in accordance with law for the purpose of revitalizing a
29 community by creating a hub of cultural activity, including affordable artist housing
30 and workspace. The Department of Culture, Recreation and Tourism shall develop

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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 rehabilitation
15 expenditures as defined in Section 47c(2)(A) of the Internal Revenue Code of 1986,
16 as amended, except that "substantially rehabilitated" shall mean that the qualified
17 rehabilitation 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:

Page 5 of 5

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