

RÉSUMÉ DIGEST

ACT 386 (SB 183)

2017 Regular Session

Morrell

Prior law provided for a program under which the Board of Commerce and Industry, with the approval of the Joint Legislative Committee on the Budget and the governor, may enter into contracts for tax exemptions, tax credits, and rebates with businesses that locate in university research and development parks.

New law provides that no new contracts with businesses that locate in university research and development parks shall be entered into on or after July 1, 2017.

Prior law provided for the Enterprise Zone Program under which the La. Department of Economic Development (DED) enter into contracts with qualified applicants for rebates of sales and use tax and an investment tax credit.

New law provides that no new advance notifications for the Enterprise Zone Program shall be accepted on or after July 1, 2021.

Prior law authorized the secretary of the DED and the governor to enter into cooperative endeavor agreements with qualified mega-projects for rebates up to the total amount of state severance tax paid on natural gas consumed by the mega-project.

New law provides that no cooperative endeavor agreement with a mega-project for the rebate of severance tax shall be entered into on or after July 1, 2017.

Prior law provided for the La. Quality Jobs Program under which the DED can enter into contracts with qualified applicants for rebates of sales and use tax and an investment tax credit.

New law provides that no new advance notifications for the Quality Jobs Program shall be accepted on or after July 1, 2022.

Prior law provided for a Competitive Projects Payroll Incentive Program under which the DED can enter into contracts with qualified applicants for rebates of sales and use tax and an investment tax credit.

New law provides that no new contracts under the Competitive Projects Payroll Incentive Program shall be approved on or after July 1, 2022.

Prior law provided for the La. Quality Jobs Program under which the DED can enter into contracts with qualified applicants for an employment credit, rebates of sales and use tax, and an investment tax credit.

New law lowers the minimum benefit rate to four percent from five percent and increases the per hour compensation required by employers to receive the four percent benefit rate from \$14.50 to \$18.00 per hour. Further increases the per hour compensation required by employers to receive the six percent benefit rate from \$19.10 to \$21.66 per hour.

Prior law provided that the applicable wage rates include the value of required healthcare benefits.

New law removes the value of the healthcare benefit from the wage calculation and requires that employers be in compliance with any applicable federal healthcare requirements.

Prior law required employers to be located in a distressed region as designated by the DED or that at least 50% of the new jobs be filled by employees who reside in the distressed region.

New law requires that employers be located in parishes within the lowest 25% of parishes based on income.

New law adds maintenance, repair, and overhaul of commercial aircraft, corporate headquarters, and corporate operations services to the employers who may qualify for a contract under the program.

New law adds to the list of employers not eligible for quality jobs incentives the following:

- (1) Professional service firms that do not provide more than 50% of their services to out-of-state customers.
- (2) Construction companies that are not the corporate headquarters of a multi-state business or that do not have more than 50% of their total sales to out-of-state customers or the federal government.
- (3) Businesses with a North American Industry Classification Systems (NAICS) code of 5613 (employment services).
- (4) Medical professionals with a NAICS code of 62 that are not engaged in biomedical or biotechnology industries, servicing rural hospitals, or providing at least 50% of their services to out-of-state patients.

New law increases the actual verified gross payroll from \$500,000 to \$625,000 and the new direct jobs from five to 15 for purposes of the third year rebate under the program for large employers. Failure to meet these thresholds will trigger recapture of the rebates.

New law applies the changes to the La. Quality Jobs Program only for advance notifications filed on or after July 1, 2017, unless a La. Economic Development Organization certifies before May 31, 2017, that it is in active negotiations on an economic development project with a business, submits project details including the anticipated number of jobs payroll, and the business submits an advanced notification before January 1, 2018.

Effective upon signature of the governor (June 23, 2017).

(Amends R.S. 51:1787(K), 2452(A)(intro para), 2453(1), 2453(2)(intro para), 2453(2)(a), (b), and (c)(ix), (4), and (6), 2455(E)(1), 2457(A)(2)(b), (f), and (5), 2461, and 3121(C)(3)(a)(ii); adds R.S. 17:3389(G), R.S. 51:2367(F), 2453(2)(c)(x), (xi), and (xii), and 2458(11))