Regular Session, 2013

HOUSE BILL NO. 668

BY REPRESENTATIVE SMITH

TAX CREDITS: Provides requirements for enterprise zone contracts

1   AN ACT

2   To amend and reenact R.S. 51:1787(A)(3) and (B)(3), and to enact R.S. 51:1787(B)(6) and

3   (7), relative to incentives for businesses; to provide with respect to the enterprise

4   zone program; to provide for requirements for contracts; to provide for limitations

5   on contracts; to provide for applicability; to provide for effectiveness; and to provide

6   for related matters.

7   Be it enacted by the Legislature of Louisiana:

8   Section 1. R.S. 51:1787(A)(3) and (B)(3) are hereby amended and reenacted, and

9   R.S. 51:1787(B)(6) and (7) are hereby enacted to read as follows:

10   §1787. Incentives

11   A. The board, after consultation with the secretaries of the Department of

12   Economic Development and Department of Revenue, and with the approval of the

13   governor, may enter into contracts not to exceed five years to provide:

14   *   *   *

15   (3) The tax credit provided in Paragraph (2) of this Subsection shall be

16   applicable only to a position within the state that did not previously exist in the

17   business enterprise and that is filled by a person who is a citizen of the United States

18   and who is domiciled in Louisiana, or who is a citizen of the United States and

19   becomes domiciled in Louisiana within sixty days after his employment in such

20   position, performing duties in connection with the operation of the business

1   enterprise ~~either~~ as a regular, full-time employee ~~or as a part-time employee~~

2   ~~employed for at least twenty hours per week~~ for at least six months during the

3   taxable year. The total number of credits allowed to a business enterprise for

4   employees who are citizens of the United States and who become domiciled in

5   Louisiana within sixty days after employment shall not exceed fifty percent of the

6   total number of credits allowed to the business enterprise under the contract.

7   B. The board may enter into the contracts provided in Subsection A of this

8   Section provided that:

9   *   *   *

10   (3) ~~The business certifies that at least thirty-five percent of its employees:~~

11   (a) ~~Are residents of either:~~

12   ~~(i) Any enterprise zone in Louisiana for a business located in an urban~~

13   ~~enterprise zone, or a business not located in either an enterprise zone or an economic~~

14   ~~development zone.~~

15   ~~(ii) The same parish as the location of the business, or any enterprise zone~~

16   ~~in Louisiana, for a business located in a rural enterprise zone, an economic~~

17   ~~development zone, or an enterprise zone in Calcasieu Parish.~~

18   ~~(b) Were receiving some form of public assistance prior to employment.~~

19   ~~(c) Were considered unemployable by traditional standards, or lacking in~~

20   ~~basic skills.~~

21   If the business is located within an enterprise zone, the business certifies that

22   any combination of the following criteria are met with respect to at least thirty-five

23   percent of its employees:

24   (i) Are residents of an enterprise zone.

25   (ii) Prior to employment they were receiving some form of public assistance.

26   (iii) Prior to employment they were considered unemployable by traditional

27   standards, or were lacking basic skills necessary to gain employment.

28   (iv) Have a felony conviction.

1   (b) If the business is located outside of an enterprise zone, the business

2   certifies that any combination of the criteria established in Subparagraph (a) of this

3   Paragraph are met with respect to at least fifty percent of its employees.

4   (d) Any combination of the above. (c) Such certification shall be updated

5   annually if the business is to continue receiving the benefits of this Chapter.

6   *   *   *

7   (6) A retail business, as defined by the Department of Economic

8   Development, which has more than one hundred employees nationwide including

9   affiliates prior to the contract effective date are ineligible to participate in the

10   program unless they are a grocery store or pharmacy, as those entities shall be

11   defined by rule of the department, and are located within an enterprise zone.

12   (7) Beginning January 1, 2014, there shall be a limit on the number of

13   contracts with specific businesses which are not located in an enterprise zone. In

14   any calendar year the total contracts with such businesses shall constitute no more

15   than ten percent of the total number of contracts awarded in that year.

16   *   *   *

17   Section 2. The provisions of this Act shall apply only to those contracts executed

18   after the effective date of this Act.

19   Section 3. This Act shall become effective upon signature by the governor or, if not

20   signed by the governor, upon expiration of the time for bills to become law without signature

21   by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

22   vetoed by the governor and subsequently approved by the legislature, this Act shall become

23   effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part
of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute
part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Smith   HB No. 668

Abstract: Changes eligibility requirements for enterprise zone contracts for tax credits

Present law establishes the enterprise zone program through which businesses may enter into contracts with the Board of Commerce and Industry (hereinafter "board") to receive tax credits in exchange for the creation of a certain number of jobs which involve employees who meet certain residency and other requirements.

Present law authorizes that jobs for both full-time and part-time work may satisfy the job requirements of an enterprise zone contract.

Proposed law changes present law by deleting part-time jobs from those jobs which may satisfy the requirements of an enterprise zone contract.

Present law provides for conditions under which the board may enter into enterprise zone contracts. These include certifications by the business regarding the employees it is claiming to satisfy the requirements for new jobs under an enterprise zone contract.

Present law requires a business certify that at least 35% of its employees meet any of the following requirements:

(1)   Reside in an enterprise zone, an urban enterprise zone, an economic development zone, or the parish in which the business is located.

(2)   Were receiving some form of public assistance prior to employment.

(3)   Were considered unemployable by traditional standards, or lacking in basic skills.

Proposed law changes present law by limiting the criteria for employees which qualify for satisfaction of contract requirements. If the business is located within an enterprise zone, at least 35% of its employees must meet the following requirements, and if the business is not located in an enterprise zone, at least 50% of its employees must meet the following requirements:

(1)   Are residents of an enterprise zone.

(2)   Prior to employment they were receiving some form of public assistance.

(3)   Prior to employment they were considered unemployable by traditional standards, or were lacking basic skills necessary to gain employment.

(4)   Have a felony conviction

Proposed law limits participation in the program for retail businesses which have more than 100 employees nationwide. Such businesses are ineligible for the program unless they are a grocery store or pharmacy and located within an enterprise zone.

Proposed law provides that beginning January 1, 2014, no more than ten percent of the total number of contracts awarded in any calendar year may be awarded to businesses which are not located in an enterprise zone.

Proposed law shall only be applicable to contracts and renewals of contracts executed after the effective date of this Act.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 51:1787(A)(3) and (B)(3); Adds R.S. 51:1787(B)(6) and (7))

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.