

Regular Session, 2014

HOUSE BILL NO. 708

BY REPRESENTATIVE GAROFALO

TAX/TAX REBATES: Defines "qualified capital expenditures" eligible for a project facility expense rebate through the Competitive Projects Payroll Incentive Program

1 AN ACT

2 To amend and reenact R.S. 51:3121(C)(4)(c), relative to rebates; to provide with respect to  
3 the Competitive Projects Payroll Incentive Program; to define qualified capital  
4 expenditures for purposes of a rebate based on certain project facility expenses; to  
5 provide for effectiveness; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 51:3121(C)(4)(c) is hereby amended and reenacted to read as  
8 follows:

9 §3121. Competitive Projects Payroll Incentive Program

10 \* \* \*

11 C. Applications and contract approval and administration.

12 \* \* \*

13 (4)

14 \* \* \*

15 (c) In lieu of the sales and use tax rebate, a qualified business shall be  
16 entitled to a project facility expense rebate equal to one and one-half percent of the  
17 amount of qualified capital expenditures for the facility or facilities designated in the  
18 contract. For purposes of this Subparagraph, the term "qualified capital  
19 expenditures" means amounts classified as capital expenditures for federal income  
20 tax purposes related to the project plus exclusions from capitalization provided for

1 in Internal Revenue Code Section 263 (a)(1)(A) through (L), minus the capitalized  
 2 cost of land, capitalized leases of land, capitalized interest, capitalized costs of  
 3 machinery and equipment to the extent capitalized manufacturing machinery and  
 4 equipment costs are excluded from sales and use tax pursuant to R.S. 47:301(3), and  
 5 the capitalized cost for the purchase of an existing building. When a qualified  
 6 business purchases an existing building and capital expenditures are used to  
 7 rehabilitate the building, only the costs of the rehabilitation shall be considered  
 8 qualified capital expenditures. Additionally, a qualified business shall be allowed  
 9 to increase its qualified capital expenditures to the extent the qualified business'  
 10 capitalized basis is properly reduced by claiming a federal credit. A qualified  
 11 business earns the project facility expense rebate in the qualified business' fiscal year  
 12 in which the project is placed in service but the qualified business may not be issued  
 13 the project facility expense rebate until the Department of Economic Development  
 14 signs a project completion report or such other time as provided for by rule or  
 15 regulation. The project completion report for the project facility expense rebate shall  
 16 adhere to the same requirements found in R.S. 51:1787(A)(1)(a)(ii) for the sales and  
 17 use tax rebate.

\* \* \*

18  
 19 Section 2. This Act shall become effective on July 1, 2014; if vetoed by the governor  
 20 and subsequently approved by the legislature, this Act shall become effective on July 1,  
 21 2014, or on the day following such approval by the legislature, whichever is later.

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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)]

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Garofalo

HB No. 708

**Abstract:** Specifies the type of capitalized costs of manufacturing machinery and equipment included within the definition of "qualified capital expenditures" for purposes of the project facility expense rebate under the Competitive Projects Payroll Incentive Program.

Present law establishes the Competitive Projects Payroll Incentive Program through which businesses contract with the Dept. of Economic Development for receipt of rebate payments

in exchange for the creation of jobs. The contract provides for three different rebates: a payment based on the amount of new payroll, a payment rebating certain sales and use taxes paid, and a payment equal to 1.5% of the amount of certain qualified capital expenditures associated with a facility that is utilized in the performance of the contract.

Present law, for purposes of the 1.5% project facility expense rebate, defines "qualified capital expenditures" as those amounts classified as capital expenditures for federal income tax purposes related to the project, plus exclusions from capitalization provided for in Internal Revenue Code Section 263 (a)(1)(A) through (L), minus the capitalized cost of land, capitalized leases of land, capitalized interest, capitalized costs of machinery and equipment, and the capitalized cost for the purchase of an existing building.

Proposed law retains present law for the definition of "qualified capital expenditures", but specifies that the cost of manufacturing machinery and equipment which was excluded from sales and use tax shall also be excluded from the calculation of the amount of qualified capital expenditures eligible for rebate.

Effective July 1, 2014.

(Amends R.S. 51:3121(C)(4)(c))