Garofalo (HB 708) **Act No. 421**

Existing law establishes the Competitive Projects Payroll Incentive Program through which businesses can contract with the Dept. of Economic Development for receipt of rebate payments in exchange for the creation of jobs. The contract can provide 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 utilized in the performance of the contract.

Existing 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 certain exclusions from capitalization provided for in federal law, 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.

New law adds specification that the cost of manufacturing machinery and equipment 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))