
DIGEST

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HB 556 Original

2015 Regular Session

Burrell

Abstract: Limits the participation in the Urban Revitalization Tax Incentive Program to businesses located within a federally designated HUB Zone.

Present law establishes a program for the purpose of stimulating business and industrial development in depressed areas of the state by providing tax credits to businesses in those areas.

Present law provides definitions for "qualified census tract" and "revitalization zone".

Proposed law retains present law but changes the definitions of "qualified census tract" and "revitalization zone".

Present law requires the Dept. of Economic Development (hereinafter department) to establish criteria for the qualifications of an area as an urban revitalization zone by using data related to unemployment, per capita income, migration, and number of residents receiving public assistance.

Proposed law repeals present law with respect to qualification criteria being determined by the department.

Present law requires the department to designate an area as an urban revitalization zone if the governing authority in which the zone is located has agreed to do the following:

- (1) Implement a program to provide police protection in the zone.
- (2) Prioritize the use of federal funds applicable to activities located within the zone.
- (3) Assist the department in certification of employer eligibility.
- (4) Authorize the department to supersede local regulations that could discourage economic development in the zone.
- (5) Assist the department in evaluating the progress in the zone.

Proposed law retains present law but places the duty to effect change in local regulations that could discourage economic development with the local governing authority rather than the department.

Present law requires that the department administer the program and assist local governing

authorities in obtaining assistance from the federal government and other state departments for purposes of the program. Further provides that powers and duties of the department include preparation of an annual report evaluating the effectiveness of the program, promulgation of rules and regulations, and notification of legislators regarding revitalization zones located within their districts.

Present law authorizes the State Board of Commerce and Industry (hereinafter "board") to enter into contracts to provide a \$5,000 tax credit per net new employee which may be taken against state income and corporation franchise taxes. Specifies that a business qualifies for a contract if the following conditions are met:

- (1) Where possible, the business gives preference to other La. businesses in its contracting.
- (2) The business' participation in the program is endorsed by the governing body of the political subdivision in whose jurisdiction the business is located.
- (3) The business is or shall be located within the boundaries of a revitalization zone.
- (4) The business located in an urban revitalization zone and receiving the benefits under the program certifies that at least 35% of its employees:
 - (a) Are residents of the same or a contiguous revitalization zone as the location of the business.
 - (b) Were receiving some form of public assistance prior to employment.
 - (c) Were considered unemployable by traditional standards.
 - (d) Any combination of the above. Such certification must be updated annually if the business is to continue receiving the benefits of the program.

Proposed law clarifies present law.

(Amends R.S. 51:1803(3), (4), and (5)(b), 1805(4), 1806(2) and (3), and 1807(B)(1), (2), and (3) and (C), (D), and (E); Repeals R.S. 51:1804)