

CONFERENCE COMMITTEE REPORT

HB 635

2015 Regular Session

Jackson

June 11, 2015

To the Honorable Speaker and Members of the House of Representatives and the Honorable President and Members of the Senate.

Ladies and Gentlemen:

We, the conferees appointed to confer over the disagreement between the two houses concerning House Bill No. 635 by Representative Jackson, recommend the following concerning the Reengrossed bill:

1. That the set of Senate Committee Amendments proposed by the Senate Committee on Finance and adopted by the Senate on June 4, 2015, be rejected.
2. That Senate Floor Amendments Nos. 2 and 4 proposed by Senator Johns and adopted by the Senate on June 6, 2015, be adopted.
3. That Senate Floor Amendment Nos. 1 and 3 proposed by Senator Johns and adopted by the Senate on June 6, 2015, be rejected.
4. That Senate Floor Amendment No. 1 proposed by Senator Donahue and adopted by the Senate on June 6, 2015, be rejected.
5. That the Reengrossed bill be amended as follows:

AMENDMENT NO. 1

On page 1, line 2, after "reenact" and before "3114(B)," delete "R.S. 51:2455(A)," and insert "R.S. 51:1787(B)(3)(b), 2455(A),"

AMENDMENT NO. 2

On page 1, line 3, after "relative to rebates;" delete the remainder of the line and at the beginning of line 4, delete "for an effective date;" and insert "to provide for eligibility; to provide for a sunset of the reductions; to provide for effective dates;"

AMENDMENT NO. 3

On page 1, line 6, after "Section 1." delete the remainder of the line and delete line 7 in its entirety and insert the following:

"R.S. 51:1787(B)(3)(b) is hereby amended and reenacted to read as follows:

§1787. Incentives

* * *

B. The board may enter into the contracts provided in Subsection A of this Section provided that:

* * *

(3)

* * *

(b) In addition to the requirements of Subparagraph (a) of this Paragraph, eligibility for a retail business which is assigned a North American Industry Classification Code of 44 or 45 and has more than one hundred employees nationwide including affiliates prior to the contract effective date shall be limited to grocery stores and pharmacies located in an enterprise zone, as such terms are defined by the department by rules promulgated in accordance with the Administrative Procedure Act. Notwithstanding any other provision of law to the contrary, a retail business which is assigned a North American Industry Classification Code of 44, 45, or 722 and whose contract is not entered into before July 1, 2015, shall be ineligible to receive benefits pursuant to the provisions of this Section, unless the related advance notification form was filed before July 1, 2015. If the related advance notification form was filed before July 1, 2015, benefits are available provided the related claim for benefits is filed on or after July 1, 2016.

Section 2. R.S. 51:2455(A), 3114(B), and 3121(C)(3)(b)(i) and (4)(c) are hereby amended and reenacted and R.S. 51:2367(E) and 2455(D)(3) are hereby enacted to read as follows:"

AMENDMENT NO. 4

On page 5, delete lines 4 through 6 in their entirety and insert the following:

"Section 3. R.S. 51:2455(A), 3114(B), and 3121(C)(3)(b)(i) and (4)(c) are hereby enacted to read as follows:

§2455. Incentive rebates

A. An employer who has entered into a contract may receive a rebate for the taxable periods specified in the contract entered into pursuant to the provisions of this Chapter in an amount which shall be equal to the benefit rate as defined in R.S. 51:2453(1), multiplied by the gross payroll, as defined in R.S. 51:2453(3), of new direct jobs as defined in R.S. 51:2453(4), for the taxable period as verified by the Department of Economic Development through the use of information provided to it by the Louisiana Workforce Commission. In no instance shall a rebate be determined by multiplying the value of the health care benefits by the benefit rate.

* * *

§3114. Contract administration; rebate

* * *

B. The contract shall provide a rebate to the qualified business of twenty-five percent of relocation costs and shall include the following provisions:

(1) The maximum amount of qualifying relocation costs.

(2) The number of headquarters jobs and associated payroll to be created and maintained and any other performance obligations deemed appropriate by the secretary.

(3) The reduction of annual rebate payments if performance obligations are not met.

* * *

§3121. Competitive Projects Payroll Incentive Program

* * *

C. Applications and contract approval and administration. (1) At the invitation of the secretary, a business may apply for a contract by submitting to the department such certified statements and substantiating documents as the department may require.

* * *

(3)

* * *

(b) The contract shall provide for a rebate to the qualified business based upon new payroll and shall include the following provisions:

(i) The percentage of new payroll eligible for rebate, up to a maximum of fifteen percent.

* * *

(4)

* * *

(c) In lieu of the sales and use tax rebate, a qualified business shall be entitled to a project facility expense rebate equal to one and one-half percent of the amount of qualified capital expenditures for the facility or facilities designated in the contract. For purposes of this Subparagraph, the term "qualified capital expenditures" means 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 to the extent capitalized manufacturing machinery and equipment costs are excluded from sales and use tax pursuant to R.S. 47:301(3), and the capitalized cost for the purchase of an existing building. When a qualified business purchases an existing building and capital expenditures are used to rehabilitate the building, only the costs of the rehabilitation shall be considered qualified capital expenditures. Additionally, a qualified business shall be allowed to increase its qualified capital expenditures to the extent the qualified business's capitalized basis is properly reduced by claiming a federal credit. A qualified business earns the project facility expense rebate in the qualified business's fiscal year in which the project is placed in service but the qualified business may not be issued the project facility expense rebate until the Department of Economic Development signs a project completion report or such other time as provided for by rule or regulation. The project completion report for the project facility expense rebate shall adhere to the same requirements found in R.S. 51:1787(A)(1)(a)(ii) for the sales and use tax rebate.

Section 4. The provisions of R.S. 51:1787(B)(3)(b) as amended and reenacted by this Act shall supercede the provisions of the Act that originated as House Bill No. 466 of this 2015 Regular Session, regardless of the order of final passage.

Section 5. Section 1 of this Act shall become effective on July 1, 2015.

Section 6. The provisions of Section 2 of this Act shall become effective on July 1, 2015 and shall remain effective through June 30, 2018.

The provisions of Section 3 of this Act shall become effective on July 1, 2018."

Respectfully submitted,

Representative Katrina Jackson

Senator Jack Donahue

Representative Joel C. Robideaux

Senator Ronnie Johns

Speaker Charles E. "Chuck" Kleckley

Senator Robert Adley

 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)]

CONFERENCE COMMITTEE REPORT DIGEST
HB 635**2015 Regular Session****Jackson**
Keyword and oneliner of the instrument as it left the House

TAX/TAX REBATES: Reduces all tax rebates

Report adopts Senate amendments to:

1. Require applications for advance notifications filed between July 1, 2011, and July 1, 2012, to be filed at any time prior to August 15, 2015.

Report rejects Senate amendments which would have:

1. Limited period of time within which an application for a Quality Jobs project is required to be filed to no later than 24 months after the filing of an advance notification for the project.
2. Made technical changes.

Report amends the bill to:

1. Eliminate eligibility for Enterprise Zone incentives for retail businesses and restaurants.
2. Sunset the provisions of proposed law relative to the reduction of the amount of the rebates on June 30, 2018.

Digest of the bill as proposed by the Conference Committee

Present law establishes the enterprise zone program through which businesses may enter into contracts with the Board of Commerce and Industry to receive income tax credits or sales and use tax rebate payments in exchange for the creation of a certain number of jobs that involve employees who meet certain residency and other requirements.

Present law limits eligibility for retail businesses assigned a North American Industry Classification (NAICS) Code of 44 or 45 with more than 100 employees nationwide, including affiliates, to grocery stores and pharmacies located in an enterprise zone.

Proposed law prohibits eligibility of a business with NAICS Code of 44, 45, or 722 from receiving benefits pursuant to present law for projects whose contract is not entered into before July 1, 2015, unless an advance notification for the project was filed prior to July 1, 2015, and the related claim for benefits is filed on or after July 1, 2016.

Present law authorizes the secretary of the Dept. of Economic Development to grant a La. Mega Project Energy Assistance Rebate of severance taxes paid on natural gas consumed or used directly in the operation of the mega-project facility or consumed indirectly in the manufacture or creation of energy sold to the mega-project facility for its operation.

Proposed law retains present law but, with respect to those projects for which the secretary makes a determination on or after July 1, 2015, that the consumption of energy will be a

major cost component of the operation of the project, reduces the amount of the rebate from 100% to 80% of La. severance taxes that were paid to the state.

Present law provides for the Quality Jobs Program, which program authorizes the granting of contracts by the Board of Commerce and Industry to businesses for the purposes of providing rebates and tax credits for the achievement of certain performance by the business. The term of the contract is five years. Authorizes a rebate equal to the benefit rate as defined in present law multiplied by the gross payroll of new direct jobs.

Proposed law retains present law but, with respect to projects for which an advance notice was filed on or after July 1, 2015, reduces the rebate to an amount not to exceed the amount of the benefit rate multiplied by 80% of the gross payroll of new direct jobs.

Proposed law limits the period of time within which an application for a Quality Jobs project is required to be filed to no later than 24 months after the filing of an advance notification for the project. Requires applications for advance notifications filed between July 1, 2011 and July 1, 2012 to be filed at any time prior to August 15, 2015.

Present law creates the Corporate Headquarters Relocation Program which grants to a "qualified business" a contract to receive a relocation rebate of 25% of "relocation costs" to relocate or expand its "headquarters" in La.

Proposed law retains present law but, with respect to those projects for which an advance notification was filed on or after July 1, 2015, reduces the amount of the rebate from 25% to 20% of "relocation costs".

Present 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 provides for three different rebates: a payment based on the amount of new payroll, a sales and use taxes rebate for 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.

Proposed law retains present law but, with respect to those projects for which an invitation to apply is extended by the secretary on or after July 1, 2015, reduces the amount of the rebate from 1.5% to 1.2% of certain qualified capital expenditures. Further reduces the amount of the credit from a maximum of 15% to 12% of new payroll.

Proposed law relative to Enterprise Zone program eligibility becomes effective July 1, 2015 and shall supercede the provisions of the Act that originated as House Bill No. 466 of this 2015 Regular Session, regardless of the order of final passage.

The provisions of proposed law relative to the reduction of the amount of rebates shall become effective on July 1, 2015, and shall remain effective through June 30, 2018. The remaining provisions of proposed law shall become effective on July 1, 2018.

(Amends R.S. 51:1787(B)(3)(b), 2455(A), 3114(B), and 3121(C)(3)(b)(i) and(4)(c); Adds R.S. 51:2367(E) and 2455(D)(3))