

RÉSUMÉ DIGEST

ACT 126 (HB 635)

2015 Regular Session

Jackson

ENTERPRISE ZONE (EFFECTIVE JULY 1, 2015)

Existing law (R.S. 51:1787) 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.

Prior law limited 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.

New law prohibits eligibility of a business with NAICS Code of 44, 45, or 722 from receiving benefits pursuant to existing 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.

New law 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.

REBATE REDUCTIONS FOR STATE REBATE PROGRAMS (EFFECTIVE JULY 1, 2015 THROUGH JUNE 30, 2018)

Existing law (R.S. 51:2367) 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 to certain mega-projects when the secretary has determined that the consumption of energy will be a major cost component of the operation of the project.

Prior law provided for a 100% rebate of La. severance taxes paid on natural gas.

New law reduces the amount of the rebate from 100% to 80% of La. severance taxes that were paid to the state on those projects for which the secretary makes a determination on or after July 1, 2015, and on or before June 30, 2018.

Existing law (R.S. 51:2455) provides for the Quality Jobs Program, which 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.

Prior law authorized a rebate equal to the benefit rate as defined in existing law multiplied by 100% of the gross payroll of new direct jobs.

New law reduces the amount of gross payroll of new direct jobs used in the calculation of the rebate from 100% to 80% of the gross payroll of new direct jobs for projects for which an advanced notification is filed on or after July 1, 2015, and on or before June 30, 2018.

New 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.

Existing law (R.S. 51:3114) creates the Corporate Headquarters Relocation Program, which grants to a "qualified business" a contract to receive a relocation rebate to relocate or expand its "headquarters" in La.

Prior law authorized a rebate of 25% of "relocation costs".

New law reduces the amount of the rebate from 25% to 20% of "relocation costs for projects for which an advance notification was filed on or after July 1, 2015, and on or before June 30, 2018.

Existing law (R.S. 51:3121) 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 rebate based on the amount of new payroll, a sales and use taxes rebate for taxes paid, and a rebate equal to a percentage of the amount of certain qualified capital expenditures associated with a facility utilized in the performance of the contract.

Prior law authorized a rebate of 1.5% of the amount of certain qualified capital expenditures and up to 15% of eligible new payroll.

New law reduces the amount of the rebates from 1.5% to 1.2% of certain qualified capital expenditures and from a maximum of 15% to 12% of eligible new payroll. New law is applicable to those projects for which an invitation to apply is extended by the secretary on or after July 1, 2015, and on or before June 30, 2018.

SUNSET OF REBATE REDUCTIONS (EFFECTIVE JULY 1, 2018)

The reductions to the amount of rebates in new law sunsets on June 30, 2018. For those projects for which the secretary makes a determination relative to energy consumption of mega-projects, or an advance notification is filed, or an invitation to apply is extended by the secretary on or after July 1, 2018, the amount of the respective rebates in prior law shall be applicable to those projects.

(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))