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## DIGEST

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HB 71 Engrossed

2016 First Extraordinary Session

Barras

**Abstract:** Reduces the amount of the credit per net new job created for certain projects and eliminates eligibility for certain accommodation business. Further increases the amount of the credit for certain new jobs.

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.

Proposed law limits the amount of the sales and use tax rebate or the investment income tax credit, for projects for which an advance notification is filed on or after April 1, 2016, to the following:

- (1) \$100,000 per net new employee created.
- (2) \$1,000 for each retained job that existed prior to entering the contract for benefits, if the job is retained for at least three years after entering the contract for benefits.

Proposed law requires the net new job and retained job be counted only once for purposes of the cap on the amount of the benefit.

Present law requires that a business certify that at least 50% of its employees meet one of the following qualifications:

- (1) The employee is a resident of any enterprise zone in La. when the business is located in a business enterprise zone, or a resident of the same parish as the business when located in certain other enterprise zones.
- (2) The employee is receiving some form of public assistance during the six-month period prior to employment.
- (3) The employee is considered unemployable by traditional standards, or lacking in basic skill.

Proposed law changes present law requirement that an employee be receiving some form of public assistance and requires the employee be receiving SNAP, WIC, or Medicaid benefits.

Proposed law reduces the amount of the income tax credit for net new jobs created from \$2,500 to

\$2,000 per net new employee that does not meet the qualifications of present law relative to persons who have been unemployable and of proposed law relative to persons who have been receiving Supplemental Nutrition Assistance Program (SNAP), Women, Infants, and Children (WIC), or Medicaid benefits for projects for which the advance notification form is filed on or after April 1, 2016.

Proposed law increases the amount of the income tax credit for net new jobs created from \$2,500 to \$3,500 per net new employee that meets the qualifications of present law relative to persons who have been unemployable and of proposed law relative to persons who have been receiving Supplemental Nutrition Assistance Program (SNAP), Women, Infants, and Children (WIC), or Medicaid benefits for projects for which the advance notification form is filed on or after April 1, 2016.

Proposed law eliminates accommodation businesses with a North American Industry Classification System (NAICS) Code of 5613 and 72 from program eligibility if no advance notification form for the businesses' project has been filed before April 1, 2016.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 51:1787(A)(2)(a) and (3) and (B)(3)(a)(ii) and (c) and (5); Adds R.S. 51:1787(A)(1)(c) and (B)(3)(d))

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Increase the amount of the income tax credit for each net new employee to \$3,500 if the employee is receiving SNAP, WIC, or Medicaid benefits or is considered unemployable by traditional standards, or lacking in basic skill.
2. Limit the amount of the sales and use tax rebate or the investment income tax credit to \$100,000 per net new employee, plus \$1,000 per retained employee, when the employee is retained for three years after execution of a contract and the retained employee existed prior to execution of the contract.
3. Remove administrative and support service industries with an NAICS Code 5613 from program eligibility.
4. Specify that the requirement that an employee be receiving "some form of public assistance" means that the employee is receiving SNAP, WIC, or Medicaid benefits.
5. Authorize the Dept. of Economic Development to determine the methodology used to compute a company's average annual employment for purposes of determining eligibility.