
DIGEST

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HB 71 Reengrossed

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 businesses. 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 \$100,000 per net new employee created.

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

Proposed law increases the amount of the income tax credit from \$2,500 to \$3,500 per net new job created for employees who have been receiving Supplemental Nutrition Assistance Program (SNAP), Women, Infants, and Children (WIC), Medicaid, unemployment benefits, or benefits from a similar public assistance program as determined by the Dept. of Economic Development, for projects for which the advance notification form is filed on or after April 1, 2016. Proposed law decreases the amount of the income tax credit from \$2,500 to \$1,000 for net new jobs created for employees not receiving these benefits.

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.

Proposed law provides exceptions to proposed law for certain businesses participating in the La. Quality Jobs Program and the Competitive Projects Payroll Incentive Program.

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)(c) and (5); Adds R.S. 51:1787(A)(1)(c) and (B)(3)(d), (6), and (7))

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.

The House Floor Amendments to the engrossed bill:

1. Delete provisions of proposed law relative to using the number of retained employees as a factor in calculating the maximum allowable sales and use tax rebate or investment tax credit.
2. Reduce the amount of the income tax credit per net new job created for employees who were not receiving some form of public assistance prior to employment from \$2500 to \$1000.
3. Provide exceptions to proposed law for certain businesses participating in the La. Quality Jobs Program and the Competitive Projects Payroll Incentive Program.
4. Made technical changes.