

GREEN SHEET REDIGEST

HB 71

2016 First Extraordinary Session

Barras

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

TAX CREDITS: Reduces the amount of certain Enterprise Zone tax credits and removes certain hotels from eligibility (Item #27)

DIGEST

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.

Present law provides that a business create a minimum of the lesser of five net new permanent jobs to be in place within the first two years of the contract period, or the number of net new jobs equal to a minimum of ten percent of the existing employees, minimum of one, within the first year of the contract period.

Proposed law provides that the business create either of the following:

(a) A minimum of the lesser of five net new permanent jobs to be in place within the first two years of the contract period as determined by the company's average annual employment reported under the La. Employment Security Law.

(b) The number of net new jobs equal to a minimum of ten percent of the existing employees, minimum of one, within the first year of the contract period, as determined by the company's average annual employment reported under the La. Employment Security Law.

Proposed law requires the Department of Economic Development establish a methodology for determining a company's average annual employment.

Proposed law retains present law the authority for a business with an estimated construction period for its building greater than two years , for good cause shown, to obtain an extension of not more than two years.

Proposed law, relative to the rebates under the La. Quality Jobs Program, provides that a business is be deemed to meet the enterprise zone hiring requirements and all other limitations, procedures, and requirements for enterprise zone incentives if the business meets the requirements for rebate under the quality jobs program.

Proposed law, for purposes of R.S. 51:3121(C)(4) (Competitive Projects Payroll Incentive Program), a business is be deemed to meet the enterprise zone hiring requirements and all other limitations, procedures, and requirements for enterprise zone incentives if the business creates a minimum of five new jobs in accordance with the program contract.

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.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill

1. Removes the condition that a business create a minimum of five new direct jobs in the third fiscal filing and stipulates that the business meet the requirements for a rebate under the quality jobs program.