

2017 Regular Session

HOUSE BILL NO. 173

BY REPRESENTATIVE JACKSON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX/TAX REBATES: Provides for continued effectiveness of reductions in the amount of certain rebates

1 AN ACT

2 To amend and reenact R.S. 51:3121(C)(4)(c) and Section 6 of Act No. 126 of the 2015  
3 Regular Session of the Legislature as amended by Act No. 28 of the 2016 First  
4 Extraordinary Session of the Legislature and to repeal Section 3 of Act No. 126 of  
5 the 2015 Regular Session of the Legislature and Section 7 of Act No. 126 of the 2015  
6 Regular Session of the Legislature as enacted by Act No. 28 of the 2016 First  
7 Extraordinary Session of the Legislature, relative to certain rebates; to provide  
8 relative to the competitive projects payroll incentive program; to reduce the project  
9 facility expense rebate; to provide for continued effectiveness of certain rebate  
10 reductions; and to provide for related matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 51:3121(C)(4)(c) is hereby amended and reenacted to read as  
13 follows:

14 §3121. Competitive Projects Payroll Incentive Program

15 \* \* \*

16 C. Applications and contract approval and administration.

17 \* \* \*

18 (4)

19 \* \* \*

1 (c) In lieu of the sales and use tax rebate, a qualified business shall be  
2 entitled to a project facility expense rebate equal to one and one-half percent of the  
3 amount of qualified capital expenditures for the facility or facilities designated in the  
4 contract for which an invitation to apply was extended by the secretary before July 1,  
5 2015. With respect to projects for which an invitation to apply is extended by the  
6 secretary on or after July 1, 2015, a qualified business shall be entitled to a project  
7 facility expense rebate equal to one ~~and two-tenths~~ percent of the amount of qualified  
8 capital expenditures for the facility or facilities designated in the contract. For  
9 purposes of this Subparagraph, the term "qualified capital expenditures" means  
10 amounts classified as capital expenditures for federal income tax purposes related to  
11 the project plus exclusions from capitalization provided for in Internal Revenue Code  
12 Section 263 (a)(1)(A) through (L), minus the capitalized cost of land, capitalized  
13 leases of land, capitalized interest, capitalized costs of manufacturing machinery and  
14 equipment to the extent capitalized manufacturing machinery and equipment costs  
15 are excluded from sales and use tax pursuant to R.S. 47:301(3), and the capitalized  
16 cost for the purchase of an existing building. When a qualified business purchases  
17 an existing building and capital expenditures are used to rehabilitate the building,  
18 only the costs of the rehabilitation shall be considered qualified capital expenditures.  
19 Additionally, a qualified business shall be allowed to increase its qualified capital  
20 expenditures to the extent the qualified business's capitalized basis is properly  
21 reduced by claiming a federal credit. A qualified business earns the project facility  
22 expense rebate in the qualified business's fiscal year in which the project is placed  
23 in service but the qualified business may not be issued the project facility expense  
24 rebate until the Department of Economic Development signs a project completion  
25 report or such other time as provided for by rule or regulation. The project  
26 completion report for the project facility expense rebate shall adhere to the same  
27 requirements found in R.S. 51:1787(A)(1)(a)(ii) for the sales and use tax rebate.

28 \* \* \*

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 Section 2. Section 6 of Act No. 126 of the 2015 Regular Session of the Legislature  
2 as amended by Act No. 28 of the 2016 First Extraordinary Session of the Legislature is  
3 hereby amended and reenacted to read as follows:

4 Section 6. The provisions of Section 2 of this Act shall become effective on  
5 July 1, 2015. ~~In the event the Act that originated as House Bill No. 62 of the 2016~~  
6 ~~First Extraordinary Session of the Legislature is enacted and becomes effective, the~~  
7 ~~provisions of Section 2 of this Act shall remain in effect through the sunset date in~~  
8 ~~the Act that originated as House Bill No. 62 of the 2016 First Extraordinary Session~~  
9 ~~of the Legislature.~~

10 Section 3. Section 3 of Act No. 126 of the 2015 Regular Session of the Legislature  
11 and Section 7 of Act No. 126 of the 2015 Regular Session of the Legislature as enacted by  
12 Act No. 28 of the 2016 First Extraordinary Session of the Legislature are hereby repealed  
13 in their entirety.

14 Section 4. This Act shall become effective upon signature by the governor or, if not  
15 signed by the governor, upon expiration of the time for bills to become law without signature  
16 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
17 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
18 effective on the day following such approval.

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#### 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)]

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HB 173 Original

2017 Regular Session

Jackson

**Abstract:** Relative to the Competitive Projects Payroll Incentive Program, reduces the rebate percentage, and removes the sunset date on reductions in various rebates.

Present 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.

Present law sets the amount of the rebate equal to 1.2% of certain qualified capital expenditures and a maximum of 12% of eligible new payroll until June 30, 2018, after which time the maximum rebate is 1.5% of the amount of such capital expenditures and up to 15%

of eligible new payroll. Proposed law reduces the authorized rebate from 1.2% to 1% of qualified capital expenditures and removes provision for increase in maximum rebate.

Proposed law also removes present law provisions for future increases in the following rebates by removing the June 30, 2018, sunset date on the current rebate:

Present 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. Present law provides that the maximum rebate is 80% of La. severance taxes paid on natural gas until June 30, 2018, after which the maximum rebate is 100% of such amount.

Present law (R.S. 51:2455) provides for the Quality Jobs Program, which authorizes the granting of contracts by the Bd. 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. Present law authorizes a rebate equal to the benefit rate as defined in present law multiplied by 80% of the gross payroll of new direct jobs until June 30, 2018, after which the maximum rebate is 100% of the gross payroll.

Present 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. Present law authorizes a rebate of 20% of "relocation costs" until June 30, 2018, after which the maximum rebate is 25% of relocation costs.

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

(Amends R.S. 51:3121(C)(4)(c) and §6 of Act No. 126 of 2015 R.S. as amended by Act No. 28 of 2016 1st E.S.; Repeals §3 of Act No. 126 of 2015 R.S. and §7 of Act No. 126 of 2015 R.S. as enacted by Act No. 28 of 2016 1st E.S.)