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DIGEST

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DIGEST  
SB 183 Reengrossed                      2017 Regular Session                      Morrell

Present law provides for a program under which the Board of Commerce and Industry, with the approval of the Joint Legislative Committee on the Budget and the governor, may enter into contracts for tax exemptions, tax credits, and rebates with businesses that locate in university research and development parks.

Proposed law provides that no new contracts with businesses that locate in university research and development parks shall be entered into on or after July 1, 2017.

Present law provides for the Enterprise Zone Program under which the Department of Economic Development can enter into contracts with qualified applicants for rebates of sales and use tax and an investment tax credit.

Proposed law provides that no new advance notifications for the Enterprise Zone Program shall be accepted on or after July 1, 2021.

Present law authorizes the secretary of the La. Department of Economic Development and the governor to enter into cooperative endeavor agreements with qualified mega-projects for rebates up to the total amount of state severance tax paid on natural gas consumed by the mega-project.

Proposed law provides that no cooperative endeavor agreement with a mega-project for the rebate of severance tax shall be entered into on or after July 1, 2017.

Present law provides for the Louisiana Quality Jobs Program under which the Department of Economic Development can enter into contracts with qualified applicants for rebates of sales and use tax and an investment tax credit.

Proposed law provides that no new advance notifications for the Quality Jobs Program shall be accepted on or after July 1, 2022.

Present law provides for a Competitive Projects Payroll Incentive Program under which the Department of Economic Development can enter into contracts with qualified applicants for rebates of sales and use tax and an investment tax credit.

Proposed law provides that no new contracts under the Competitive Projects Payroll Incentive Program shall be approved on or after July 1, 2022.

Present law provides for the Louisiana Quality Jobs Program under which the Department of Economic Development can enter into contracts with qualified applicants for an employment credit, rebates of sales and use tax, and an investment tax credit.

Proposed law lowers the minimum benefit rate to four percent from five percent and increases the per hour compensation required by employers to receive the four percent benefit rate from \$14.50 to \$18.00 per hour.

Proposed law increases the per hour compensation required by employers to receive the six percent benefit rate from \$19.10 to \$21.66 per hour.

Present law provides that the applicable wage rates include the value of required healthcare benefits.

Proposed law removes the value of the healthcare benefit from the wage calculation and requires that employers be in compliance with any applicable federal healthcare requirements.

Present law requires employers to be located in a distressed region as designated by the Department of Economic Development or that at least 50% of the new jobs be filled by employees who reside in the distressed region.

Proposed law requires that employers be located in parishes within the lowest 25% of parishes based on income.

Proposed law adds maintenance, repair, and overhaul of commercial aircraft, corporate headquarters, and corporate operations services to the employers who may qualify for a contract under the program.

Proposed law adds to the list of employers not eligible for quality jobs incentives the following:

- (1) Professional service firms that do not provide more than 50% of their services to out-of-state customers.
- (2) Construction companies that are not the corporate headquarters of a multi-state business or do not have more than 50% of their total sales to out-of-state customers or the federal government.
- (3) Businesses with a North American Industry Classification Systems (NAICS) code of 5613 (employment services).
- (4) Medical professionals with a NAICS code of 62 that are not engaged in biomedical or biotechnology industries, servicing rural hospitals, or providing at least 50% of their services to out-of-state patients.

Proposed law increases the actual verified gross payroll from \$500,000 to \$625,000 and the new direct jobs from five to 15 for purposes of the third year rebate under the program for large employers. Failure to meet these thresholds will trigger recapture of the rebates.

Proposed law applies the changes to the Louisiana Quality Jobs Program only for advance notifications filed on or after July 1, 2017 unless a Louisiana Economic Development Organization certifies before May 31, 2017 that it is in active negotiations on an economic development project with a business, submits project details including the anticipated number of jobs payroll, and the business submits an advanced notification before January 1, 2018.

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

(Amends R.S. 51:1787(K), 2452(A)(intro para), 2453(1), 2453(2)(intro para), 2453(2)(a), (b), and (c)(ix), (4), and (6), 2455(E)(1), 2457(A)(2)(b), (f), and (5), 2461, and 3121(C)(3)(a)(ii); adds R.S. 17:3389(G), R.S. 51:2367(F), 2453(2)(c)(x), (xi), and (xii), and 2458(11))

#### Summary of Amendments Adopted by Senate

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

1. Removes procurement processing company rebate program and corporate headquarters relocation program.
2. Increases the wage rate required by employers for the Louisiana Quality Jobs Program.

3. Changes employer location requirements and types of employers eligible to contract under the Louisiana Quality Jobs Program.
4. Increases gross payroll and new direct jobs requirements for purposes of triggering recapture of Quality Jobs rebates.
5. Technical changes.

Senate Floor Amendments to engrossed bill

1. Adds an additional benefit rate applicable to a lower per hour wage rate.
2. Creates exceptions to the otherwise ineligible businesses of construction and professional services.
3. Adds an exception to the effective date for economic development projects under negotiation that meet certain criteria.
4. Technical changes.

Summary of Amendments Adopted by House

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

1. Change qualifications for businesses in proposed law that are ineligible to participate in the Quality Jobs program.
2. Make technical changes.