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## DIGEST

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HB 16 Engrossed

2018 First Extraordinary Session

Leger

**Abstract:** Relative to the Competitive Projects Payroll Incentive Program, reduces the amount of the rebate percentage from 1.2% to 1% 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 July 1, 2018, but only if the Acts which originated as House Bill Nos. 2, 3, 12, 23, and 29 of this 2018 First E. S. are enacted, if HCR No. 2 of this 2018 First E.S. is adopted, and the proposed amendment of Article VII of the Constitution of Louisiana contained in the Act which originated as HB No. 15 of this 2018 First E.S. is adopted by the legislature.

(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.)

## Summary of Amendments Adopted by House

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

1. Change the effective date of proposed law from governor's signature to effectiveness based on enactment of HB Nos. 2, 3, 12, 23, and 29, adoption of HCR No. 2, and the proposed amendment of Article VII of the Constitution contained in the Act which originated as HB No. 15 is adopted, all from the 2018 First E.S.