SLS 21RS-152

ORIGINAL

2021 Regular Session

SENATE BILL NO. 237

BY SENATOR FOIL

TAX/TAXATION. Creates the Infrastructure and Jobs Creation Tax Credit Program to fund grants for public-private partnership investment in Louisiana. (8/1/21)

1	AN ACT
2	To enact R.S. 47:6042, relative to tax credits; to establish the Infrastructure and Jobs
3	Creation Tax Credit Program to fund grants for public-private partnership investment
4	in Louisiana infrastructure projects; to provide for the amount of the credit; to
5	authorize the Department of Revenue to sell credits; to provide for the administration
6	of the credit; to create the Infrastructure and Jobs Creation Fund; to authorize the
7	Department of Economic Development to award Infrastructure and Jobs Creation
8	Grants; to establish eligibility requirements; to authorize the promulgation of rules
9	and regulations; to provide for the implementation of grants; to provide for certain
10	limitations and requirements; to provide for definitions; and to provide for related
11	matters.
12	Be it enacted by the Legislature of Louisiana:
13	Section 1. R.S. 47:6042 is hereby enacted to read as follows:
14	§6042. Infrastructure and Jobs Creation Tax Credit Program
15	A. Purpose. The primary purpose of this Section is to establish a tax
16	credit program to fund grants for the development of public-private
17	partnership investment and infrastructure projects in Louisiana. It is in the best

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1	interest of this state to promote the development of public infrastructure
2	projects that are funded through a partnership of the private sector and state
3	and local governmental entities in Louisiana.
4	B. Infrastructure and Jobs Creation Tax Credit; sale and utilization of
5	<u>credits</u>
6	(1)(a) There is hereby authorized an Infrastructure and Jobs Creation
7	Tax Credit that can be used to offset income and corporate franchise taxes or
8	insurance premium taxes. The tax credits may be sold by the Department of
9	Revenue.
10	(b) The total aggregate amount of credits sold by the Department of
11	Revenue in accordance with the provisions in this Section shall not exceed
12	fifty-five million dollars over the life of the program.
13	(c) Tax credits sold by the Department of Revenue shall remain in effect
14	until utilized.
15	(d) Tax credits sold by the Department of Revenue shall become
16	available to offset Louisiana state tax liability at the rate of one-sixth of the
17	value of the tax credits in each of the tax years 2027 through 2032.
18	(2) Administration of credits
19	(a) Tax credit carry-forward or repurchase. If the tax credit allowed
20	pursuant to this Section for a tax period exceeds the amount of taxes due for the
21	tax period, then the taxpayer or owner may:
22	(i) Carry-forward the unused amount of tax credits to offset future tax
23	<u>liability; or</u>
24	(ii) Make a written request to the secretary of the Department of
25	Revenue for the repurchase of those unused tax credits. The secretary of the
26	Department of Revenue shall repurchase the tax credits at the original purchase
27	price paid for those tax credits if a request is made by the purchaser.
28	(3) The secretary of the Department of Revenue may promulgate rules
29	and regulations in accordance with the Administrative Procedure Act as are

1	necessary to implement the provisions of this Section regarding the sale and
2	utilization of the tax credit.
3	<u>C. Infrastructure and Jobs Creation Fund</u>
4	(1) The avails of the sale of the tax credits pursuant to this Section shall
5	be credited to the Bond Security and Redemption Fund as provided in Article
6	VII, Section 9(B) of the Constitution of Louisiana, and after a sufficient amount
7	is allocated from that fund to pay all of the obligations secured by the full faith
8	and credit of the state which become due and payable within any fiscal year, the
9	treasurer shall pay the remainder of the avails into a special fund that is hereby
10	created in the state treasury and designated as the "Infrastructure and Jobs
11	Creation Fund".
12	(2) Monies in the fund shall be subject to annual appropriation to the
13	Department of Economic Development to fund Infrastructure and Jobs
14	<u>Creation Grants for the development of public-private partnership investment</u>
15	and infrastructure projects in Louisiana.
16	(3) All unexpended and unencumbered monies in the fund shall remain
17	in the fund. The monies in the fund shall be invested by the treasurer in the
18	same manner as the monies in the state general fund, and all interest earned
19	shall be deposited into the fund.
20	D. Infrastructure and Jobs Creation Grants
21	(1) The Department of Economic Development may award
22	Infrastructure and Jobs Creation Grants for qualifying projects.
23	(2) No grant for a qualifying project shall exceed two and one half
24	million dollars per tax year.
25	(3) All qualifying projects shall result in a significant positive economic
26	benefit to the state. The Department of Economic Development shall take the
27	following factors into consideration when determining which projects qualify
28	<u>for a grant:</u>
29	(a) The economic impact of the qualifying project on similar or existing

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1	publicly owned or privately owned projects located within fifty miles of the
2	qualifying project.
3	(b) The impact of the qualifying project on the immediate and long-term
4	objectives of the tax credit provided for the investment.
5	(c) The impact of the qualifying project on the employment of Louisiana
6	residents.
7	(d) The impact of the qualifying project on the overall economy of the
8	<u>state.</u>
9	<u>(e) The availability of similar infrastructure or facilities within fifty miles</u>
10	of the proposed qualifying project.
11	(4) An applicant for the grant shall submit an application to the
12	<u>Department of Economic Development that includes the following information:</u>
13	(a) A preliminary budget including the actual or, if not known, the
14	estimated capital costs of the qualifying project and the qualifying project's
15	estimated Louisiana payroll.
16	(b) A detailed description of the qualifying project.
17	(c) A statement that the proposed project will qualify as a qualifying
18	project.
19	(d) Estimated start and completion dates. The estimated start date shall
20	include the estimated date on which the acquisition, construction, installation,
21	or equipping of the qualifying project was commenced or is expected to
22	<u>commence.</u>
23	(e) The name of each investing company or the name or names of its
24	shareholders, partners, members, owners, or beneficiaries that will be entitled
25	to the grant.
26	(f) Any other information required by the Department of Economic
27	Development.
28	(5) If the application is incomplete additional information may be
29	requested prior to further action by the Department of Economic Development.

1	(6) Prior to receiving the grant, the investing company shall submit to
2	the Department of Economic Development a cost report of project expenditures
3	that the Department of Economic Development may require to be prepared by
4	an independent certified public accountant.
5	(7) Recipients of the grant shall submit a project completion report to the
6	Department of Economic Development upon completion of the qualifying
7	project.
8	(8) The secretary of the Department of Economic Development may
9	promulgate rules and regulations in accordance with the Administrative
10	Procedure Act as are necessary to implement the provisions of this Section
11	regarding the grants.
12	(9) For the purposes of this Section, the following terms shall have the
13	following meanings:
14	(a) "Qualifying project" means projects undertaken by investing
15	companies for the development of public-private partnership investment and
16	infrastructure projects.
17	(b) "Significant positive economic benefit" means net positive tax
18	revenue that shall be determined by taking into account direct, indirect, and
19	induced impacts of the project based on a standard economic impact
20	methodology and any other state tax and financial incentives that are used by
21	the Department of Economic Development to secure the project.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Curry Lann.

SB 237 Original

DIGEST 2021 Regular Session

Foil

<u>Proposed law</u> creates the Infrastructure and Jobs Creation Tax Credit Program for the purpose of establishing a tax credit program to fund the development of grants for public-private partnership investment and infrastructure projects in Louisiana.

<u>Proposed law</u> authorizes an Infrastructure and Jobs Creation Tax Credit that can be used to offset income and corporate franchise taxes or insurance premium taxes.

<u>Proposed law</u> authorizes the Department of Revenue to sell tax credits and limits the total aggregate amount of credits sold to fifty-five million dollars over the life of the program.

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<u>Proposed law</u> provides that tax credits granted by the Department of Revenue become available to offset Louisiana state tax liability at the rate of 1/6 of the value of the tax credits in each of the tax years 2027-2032.

<u>Proposed law</u> authorizes the owner of the credits to carry-forward the unused amount of tax credits to offset future tax liability or request the secretary of the Department of Revenue to repurchase those unused tax credits.

<u>Proposed law</u> requires the secretary of the Department of Revenue to repurchase the tax credits at the original purchase price paid for those tax credits if a request is made by the purchaser in the event that the taxpayer is unable to utilize the credits.

<u>Proposed law</u> authorizes the secretary of the Department of Revenue to promulgate rules regarding the sale and utilization of the tax credit.

<u>Proposed law</u> creates the Infrastructure and Jobs Creation Fund within the state treasury to be used by the Department of Economic Development to fund grants for the development of public-private partnership investment and infrastructure projects in Louisiana.

<u>Proposed law</u> authorizes the Department of Economic Development to award Infrastructure and Jobs Creation Grants of up to two and one half million dollars per tax year for qualifying projects and provides for grant qualifications and application requirements.

<u>Proposed law</u> requires investing companies to submit cost reports of project expenditures and project completion reports to the Department of Economic Development.

<u>Proposed law</u> authorizes the secretary of the Department of Economic Development to promulgate rules regarding the grants.

Proposed law defines the following terms:

- (1) "Qualifying project" means projects undertaken by investing companies for the development of public-private partnership investment and infrastructure projects.
- (2) "Significant positive economic benefit" means net positive tax revenue that shall be determined by taking into account direct, indirect, and induced impacts of the project based on a standard economic impact methodology and any other state tax and financial incentives that are used by the Department of Economic Development to secure the project.

Effective August 1, 2021.

(Adds R.S. 47:6042)