

RÉSUMÉ DIGEST

SB 6

2023 Regular Session

Allain

Present law provides for the Quality Jobs Program under which employers that meet certain conditions are eligible to receive payroll rebates on certain payroll expenses as well as rebates of certain costs associated with the materials and equipment needed to complete the project.

Present law authorizes either a rebate of all state sales and use taxes on purchases of materials used in the construction of a building and machinery and equipment used in the enterprise related to the quality jobs contract or a rebate of one and one-half percent of the qualified capital expenditures for the facility designated in the contract.

Present law also authorizes a rebate of local sales and use taxes on purchases of materials used in the construction of a building and machinery and equipment.

Proposed law would have provided for reductions of the amount of these rebates if the corporate franchise tax is reduced or eliminated as follows:

- (1) If the automatic rate reduction trigger reduces the franchise tax by operation of law, the rebates will be reduced by one half the reduction in the franchise tax rate.
- (2) If the legislature reduces the franchise tax through a legislative act, the rebates will be reduced by one-half the reduction in the franchise tax rate.
- (3) If the franchise tax is repealed, the rebates shall be reduced by fifty percent.

Present law requires that applications be filed no later than twenty-four months after the filing of the advance notification.

Proposed law would have provided that advance notifications filed on or after July 1, 2023, but before January 1, 2024, may file their advance notification within thirty-six months of the filing of the advance notification.

Proposed law would have provided that the amount of an employer's sales and use tax rebate or project facility expense rebate for a contract or its renewal is set at the percentage in effect when the advance notification is filed.

Proposed law would have applied only to contracts for which advance notifications are filed after December 31, 2023, and would not have applied to existing contracts.

Would have become effective January 1, 2024.

(Proposed to amend R.S. 51:245(D)(3)(c); proposed to add R.S. 51:2455(D)(3)(d) and 2456(B)(2) and (3))

VETO MESSAGE:

"Chairman Allain has been a champion in the legislature on leading the efforts to achieve tax reform in the State of Louisiana. However, the bill was presented to the legislature as companion legislation to serve as an offset for Senate Bill 1. With Senate Bill 1 having been vetoed for the reasons stated in the Senate Bill 1 veto message, this companion legislation has also been vetoed.

For decades, Louisiana's economic competitiveness has been hampered by a complicated tax structure. Historically, this has hindered Louisiana's growth in demonstrable ways, especially when benchmarking with other Southern states. My administration supports efforts to simplify and streamline our tax system in ways that will improve our competitiveness while providing adequate resources for Louisiana to continue to invest in important priorities such as higher education, workforce development, child and family services, public infrastructure (roads, bridges, highways, broadband, water and sewer systems), coastal protection and more, with a commitment to equitable deployment of state government resources at the fore.

Louisiana's future will not only depend on adequate investments in traditional government services, but our future will also hinge upon investments in smart and strategic economic development initiatives. Economic Development incentives are critical tools for business attraction and retention, and the Quality Jobs program - a program that incentivizes companies that pay more than double the minimum wage - has served as an impactful tool for Louisiana's economic development efforts.

While I am proud to have achieved fiscal stability and to leave Louisiana's finances in a stronger and healthier state than how I found them, there is indeed more work to be done. The next opportunity to address tax reform, including the opportunity to make strategic adjustments to Louisiana's economic development toolkit, will come in the fiscal session of 2025 if not sooner. I again commend Senator Allain for his accomplishments and leadership in Louisiana tax system reforms, and I urge the next Administration and Legislature to continue making advancements toward a fair, stable, predictable, more competitive, and equitable tax framework."