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## DIGEST

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HB 507 Engrossed

2025 Regular Session

Emerson

**Abstract:** Establishes the High Impact Jobs Program (program) within La. Economic Development (LED) and provides for administration, qualifications, and funding of the program.

Proposed law creates the High Impact Jobs Program.

Proposed law provides for definitions.

The program established pursuant to proposed law authorizes the secretary of LED to grant any of the following incentives to companies authorized to do business in La. pursuant to state law.

- (1) A reimbursable grant of a percentage of annualized wages paid for qualifying jobs, not to exceed \$2000 per year, per job, based upon the parish average wage paid where the project site identified on the company's application is located at the time the incentive contract is executed, subject to the following conditions:
  - (a) 8% for a project located in a distressed area with wages equal to or greater than 110% but less than 125% of the parish average wage.
  - (b) 18% for a project located in a parish with wages equal to or greater than one hundred and twenty-five percent but less than 150% of the parish average wage.
  - (c) 22% for a project located in a parish with wages equal to or greater than 150% of the parish average wage.
- (2) A reimbursable grant to retain highly skilled workers with advanced degrees, as approved by the secretary in accordance with program rules.

Proposed law defines "wage" as compensation of an employee based on time worked or output of production but does not include benefits or overtime compensation. Further defines "job" to mean a position of employment that meets all of the following criteria:

- (1) Did not exist in the state for that employer prior to the effective date of the incentive contract entered into pursuant to the provisions of proposed law.
- (2) Are for full-time, at-will employees. Does not include seasonal or temporary positions.

- (3) Are directly employed by the company or a named subsidiary in the contract.
- (4) Are filled onsite or remotely by Louisiana employees of the company or a named subsidiary in the contract.
- (5) Include a basic health benefits plan.
- (6) Is approved by the secretary.

Further defines "parish average wage" to mean the average wage in a parish as determined annually by the U.S. Dept. of Labor, Bureau of Labor Statistics, or its successor agency.

Proposed law authorizes a company that meets either of the following minimum criteria to participate in the program if it is approved for participation by the secretary of LED:

- (1) Pays wages on new jobs created equal to or greater than 110% of the parish average wage in a distressed area or 125% if located outside of a distressed area.
- (2) Retains highly skilled workers with advanced degrees.

Further excludes companies primarily engaged in the following sectors from participation in the program:

- (1) Gaming.
- (2) Retail sales.
- (3) Professional sports teams.
- (4) State or political subdivision enterprises.
- (5) Automotive rental and leasing.
- (6) Local solid waste disposal.
- (7) Local Sewage systems.
- (8) Local water systems.

Proposed law authorizes LED to promulgate rules listing other professions or industries that are eligible or ineligible for program participation.

Proposed law requires LED to establish an application process and an application fee pursuant to present law (R.S. 35:104). Requires LED staff to review an application and any other information the secretary deems appropriate for a determination of the project's eligibility for participation.

Authorizes the secretary to execute a contract with an applicant pursuant to proposed law if LED staff determines that the applicant is eligible, funding is available, and that a grant to the applicant would be in the best interest of the state. Requires the initial contract pursuant to proposed law to be for a three-year term and authorizes a single two-year extension if the applicant has not breached the terms of the contract.

Proposed law authorizes a grant recipient to make a request for reimbursement by submitting an expenditure verification report to LED detailing qualifying expenditures. Authorizes submission either annually or at the end of the initial and renewed contract periods, as applicable. Requires LED to issue a written basis for denial of any reimbursement request.

Proposed law prohibits a participating company from receiving any other incentive administered by LED for any expenditure or job for which the participating company received a grant pursuant to proposed law nor can be participating in a current Quality Job contract.

Authorizes the secretary to promulgate rules in accordance with the Administrative Procedure Act to carry out the provisions of proposed law. Grants oversight of such rules to the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs.

Proposed law prohibits the awarding of incentives pursuant to proposed law on or after July 1, 2035.

Proposed law establishes the High Impact Jobs Fund in the treasury as a special fund and provides for the use, investment, and administration of monies in the fund. Requires monies in the fund to be appropriated to LED for awarding incentives pursuant to proposed law. Requires deposits into the fund from corporate and franchise tax collections, up to a maximum of \$125M each fiscal year.

Effective July 1, 2025.

(Adds R.S. 51:2771)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the original bill:

1. Make technical changes.
2. Clarify the definition of "wages".
3. Add that the 8% reimbursable grant for distressed areas is contained at less than 125% of the parish average wage.
4. Clarify that requirements are the minimum requirements for approval by the secretary.
5. Clarify that a company may be eligible for participation in the program if it pays wages on new jobs created equal to or greater than 110% of the parish average in a distressed

area or 125% if located outside of a distressed area.

7. Change "employs" to "retains" in regards to highly skilled workers with advanced degrees.
8. Remove construction companies as ineligible from the program.
9. Add that a company does not qualify if it is participating in a current quality job contract.
10. Add that the franchise tax shall also be included in the one billion dollar threshold before the distribution by the treasurer for the fund.
11. Clarify that the amount to be put towards the fund shall be calculated on the total amount of corporate and franchise taxes collected.