
DIGEST

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Garofalo

HB No. 686

Abstract: Establishes the Firearm and Ammunition Manufacturers Tax Credit Program for La. income and corporation franchise tax credits equal to 30% of establishment or relocation costs for firearm and ammunition manufacturers which establish or relocate a headquarters or manufacturing facility, or both, in La.

Proposed law establishes the Firearm and Ammunition Manufacturers Tax Credit Program under which a qualified business may contract with the Dept. of Economic Development (DED) to receive a tax credit equal to 30% of the establishment or relocation costs involved in establishing or relocating its headquarters or manufacturing facility, or both, in La.

Proposed law provides for definitions, which include:

- (1) "Business" means a manufacturer of firearms, firearms components, firearms accessories, ammunition, or ammunition components.
- (2) "Establishment costs" means actual costs incurred by a business for the establishment of a headquarters or manufacturing facility in La. Costs may include capital expenditures and leases of facility and equipment.
- (3) "Headquarters" means a principal or regional corporate office located in La., in which are based the principal or regional executive officers which provide corporate governance for the business.
- (4) "Manufacturing facility" means the facility where a business performs the manufacture of firearms, firearm components, firearm accessories, ammunition, and ammunition components.
- (5) "Relocation costs" means actual costs incurred by a business for the relocation of a headquarters or manufacturing facility to La. Costs may include capital expenditures, leases of facility and equipment, and personnel relocation costs.

Proposed law establishes eligibility requirements for the program which include:

- (1) The business is establishing or relocating a headquarters or manufacturing facility in La.
- (2) The secretary of DED (secretary) determines that participation in the program will be a

significant factor in a site selection situation to encourage the business to establish or relocate in La.

- (3) The secretary determines that securing the project will result in a significant positive economic benefit to the state.
- (4) Establishment or relocation of the headquarters will create a minimum of 10 headquarters jobs, or establishment or relocation of the manufacturing facility will create a minimum of 25 manufacturing jobs.

Proposed law authorizes the secretary to invite potential businesses to apply for participation in the program. If DED determines that the business meets the eligibility requirements, the secretary may request the Board of Commerce and Industry to approve a contract to provide for tax credits for the business.

Proposed law authorizes the secretary to enter into a contract with a qualified business and requires that the Dept. of Revenue be notified of the contract.

Proposed law provides requirements for the contract, which include the maximum amount of qualifying establishment or relocation costs, the relevant number of headquarters or manufacturing facility jobs, and provisions for reductions in tax credits if performance obligations are not met.

Proposed law requires the submission of certain reports by the qualified business and authorizes DED to obtain audits at the expense of the business.

Proposed law establishes the procedure for the issuance of tax credit certificates. The tax credit certificate, unless rescinded by DED, shall be accepted by the Dept. of Revenue as proof of a tax credit. DED shall maintain a list of the tax credit certificates issued.

Proposed law provides that the tax credit authorized pursuant to proposed law may be taken against La. income and corporation franchise taxes. A copy of the tax credit certificate shall be attached to the La. tax return upon which it is taken.

Proposed law authorizes DED to promulgate rules and regulations in accordance with the Administrative Procedure Act. Legislative oversight of such rules shall be conducted by the House Committee on Ways and Means and Senate Committee on Revenue and Fiscal Affairs.

Effective July 1, 2013.

(Adds R.S. 51:3025-3029)