

2015 Regular Session

HOUSE BILL NO. 635

BY REPRESENTATIVE JACKSON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX/TAX REBATES: Reduces all tax rebates

1 AN ACT

2 To amend and reenact R.S. 47:6301(A)(1) and 6351(B)(1) and (C) and R.S.
3 51:1787(A)(1)(a)(ii), 2455(A), 3114(B), and 3121(C)(3)(b)(i) and (C)(4)(c) and to
4 enact R.S. 51:2367(E), relative to rebates; to reduce the amount of rebates; to provide
5 for an effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 47:6301(A)(1) and 6351(B)(1) and (C) are hereby amended and
8 reenacted to read as follows:

9 §6301. Rebates; donations to school tuition organizations

10 A.(1) There shall be allowed a rebate for donations a taxpayer makes during
11 a taxable year to a school tuition organization which provides scholarships to
12 qualified students to attend a qualified school. Upon making his donation, the donor
13 shall indicate the duration of time which the school tuition organization may retain
14 and carryforward his donation. The time may be indicated as being in perpetuity or
15 for a stated period of time coinciding with a fiscal year of the state of Louisiana, the
16 minimum of which shall not be less than twelve months or one fiscal year, whichever
17 occurs later. In order to qualify for the rebate, the donation shall be made by a
18 taxpayer who files a Louisiana income tax return. The amount of the rebate shall be
19 equal to eighty percent of the actual amount of the taxpayer's donation used by a

1 school tuition organization to fund a scholarship to a qualified student, which shall
2 not include administrative costs.

3 * * *

4 §6351. Rebates; contracts for certain state sales and use tax rebates

5 * * *

6 B. Contract. (1) The secretary of the Department of Economic
7 Development is authorized to enter into a contract with a procurement processing
8 company to recruit to Louisiana, purchasing companies that generate sales of items
9 subject to the taxes imposed under this Title the business of which shall have a
10 significant positive economic benefit to the state. The initial term of a contract shall
11 not exceed twenty years and shall be renewable for up to an additional twenty years.
12 The contract shall provide an incentive to the procurement processing company
13 which shall be paid in the form of a rebate of a portion of the state sales and use
14 taxes collected on new taxable sales by a purchasing company which is managed by
15 a procurement processing company; however, for contracts entered into on or after
16 July 1, 2015, the rebate amount provided for in the contract shall not exceed eighty
17 percent of the state sales and use taxes collected on new taxable sales.

18 * * *

19 C. Certification of sales. The secretary of the department shall determine the
20 amount of incentive rebates to be paid to a procurement processing company
21 pursuant to the contract; however, for contracts entered into on or after July 1, 2015,
22 the rebate amount provided for in the contract shall not exceed eighty percent of the
23 state sales and use taxes collected on new taxable sales by a purchasing company
24 which is managed by a procurement processing company. Rebate payments shall be
25 based upon the amount of new taxable sales which are certified by the secretary.

26 * * *

27 Section 2. R.S. 51:1787(A)(1)(a)(ii), 2455(A), 3114(B), and 3121(C)(3)(b)(i) and
28 (C)(4)(c) are hereby amended and reenacted and R.S. 51:2367(E) is hereby enacted to read
29 as follows:

1 §1787. Incentives

2 A. The board, after consultation with the secretaries of the Department of
3 Economic Development and Department of Revenue, and with the approval of the
4 governor, may enter into contracts not to exceed five years to provide:

5 (1) For either:

6 (a)(i) The rebate of sales and use tax imposed by the state and imposed by
7 its political subdivisions upon approval of the governing authority of the appropriate
8 municipality or the appropriate parish where applicable, or both, and of the
9 governing authority of any other political subdivision, including the office of sheriff
10 in the case of a law enforcement district, for the following:

11 * * *

12 (ii) Final application for the payment of any rebate of sales and use taxes
13 granted pursuant to this Subsection shall be filed no later than six months after the
14 Department of Economic Development signs a project completion report and sends
15 it to the Department of Revenue, the political subdivision, and the business, or no
16 later than thirty days after the end of the calendar year in the case of customer-owned
17 tooling used in a compression molding process. The project completion report
18 cannot be signed until the project is complete and the contract has been approved by
19 the board and the governor. The amount to be rebated shall in no case be greater
20 than the total of the actual amount of the sales and use taxes paid. For contracts
21 entered in to on or after July 1, 2015 pursuant to this Section, the amount rebated
22 shall in no case be greater than eighty percent of the total of the actual amount of the
23 sales and use taxes paid.

24 * * *

25 §2367. Louisiana Mega-Project Energy Assistance Rebate

26 * * *

27 E. For cooperative endeavors entered into on or after July 1, 2015 pursuant
28 to this Section, the rebate granted to a mega-project shall not exceed eighty percent
29 of Louisiana severance taxes that were paid to the state on any natural gas consumed

1 or used directly in the operation of the mega-project facility or consumed indirectly
2 in the manufacture or creation of energy sold to the mega-project facility for its
3 operation, as determined in Paragraph (C)(1) of this Section.

4 * * *

5 §2455. Incentive rebates

6 A. (1) An employer who has entered into a contract may receive a rebate for
7 the taxable periods specified in the contract entered into pursuant to the provisions
8 of this Chapter in an amount which shall be equal to the benefit rate as defined in
9 R.S. 51:2453(1), multiplied by the gross payroll, as defined in R.S. 51:2453(3), of
10 new direct jobs as defined in R.S. 51:2453(4), for the taxable period as verified by
11 the Department of Economic Development through the use of information provided
12 to it by the Louisiana Workforce Commission. In no instance shall a rebate be
13 determined by multiplying the value of the health care benefits by the benefit rate.

14 (2) For contracts entered into on or after July 1, 2015 pursuant to this
15 Section, no rebate shall exceed the amount of the benefit rate as defined in R.S.
16 51:2453(1), multiplied by eighty percent of the gross payroll, as defined in R.S.
17 51:2453(3), of new direct jobs as defined in R.S. 51:2453(4), for the taxable period
18 as verified by the Department of Economic Development through the use of
19 information provided to it by the Louisiana Workforce Commission. In no instance
20 shall a rebate be determined by multiplying the value of the health care benefits by
21 the benefit rate.

22 * * *

23 §3114. Contract administration; rebate

24 * * *

25 B.(1) ~~The~~ For contracts entered into prior to July 1, 2015, the contract shall
26 provide a rebate to the qualified business of twenty-five percent of relocation costs
27 and shall include the following provisions:

28 ~~(†)~~ (a) The maximum amount of qualifying relocation costs.

1 ~~(2)~~ (b) The number of headquarters jobs and associated payroll to be created
2 and maintained and any other performance obligations deemed appropriate by the
3 secretary.

4 ~~(3)~~ (c) The reduction of annual rebate payments if performance obligations
5 are not met.

6 (2) For contracts entered into after to July 1, 2015, the contract shall provide
7 a rebate to the qualified business of twenty percent of relocation costs and shall
8 include the following provisions:

9 (a) The maximum amount of qualifying relocation costs.

10 (b) The number of headquarters jobs and associated payroll to be created and
11 maintained and any other performance obligations deemed appropriate by the
12 secretary.

13 (c) The reduction of annual rebate payments if performance obligations are
14 not met.

15 * * *

16 §3121. Competitive Projects Payroll Incentive Program

17 * * *

18 C. Applications and contract approval and administration. (1) At the
19 invitation of the secretary, a business may apply for a contract by submitting to the
20 department such certified statements and substantiating documents as the department
21 may require.

22 * * *

23 (3)(a)

24 * * *

25 (b) The contract shall provide for a rebate to the qualified business based
26 upon new payroll and shall include the following provisions:

27 (i) The percentage of new payroll eligible for rebate, up to a maximum of
28 fifteen percent. For contracts entered into on or after July 1, 2015 pursuant to this

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 Section, the percentage of new payroll eligible for rebate shall not exceed twelve
2 percent.

3 * * *

4 (4)

5 * * *

6 (c) In lieu of the sales and use tax rebate, a qualified business shall be
7 entitled to a project facility expense rebate equal to one and one-half percent of the
8 amount of qualified capital expenditures for the facility or facilities designated in the
9 contract entered into before July 1, 2015. For contracts entered into on or after July
10 1, 2015, a qualified business shall be entitled to a project facility expense rebate
11 equal to one and two-tenths percent of the amount of qualified capital expenditures
12 for the facility or facilities designated in the contract. For purposes of this
13 Subparagraph, the term "qualified capital expenditures" means amounts classified
14 as capital expenditures for federal income tax purposes related to the project plus
15 exclusions from capitalization provided for in Internal Revenue Code Section 263
16 (a)(1)(A) through (L), minus the capitalized cost of land, capitalized leases of land,
17 capitalized interest, capitalized costs of machinery and equipment to the extent
18 capitalized manufacturing machinery and equipment costs are excluded from sales
19 and use tax pursuant to R.S. 47:301(3), and the capitalized cost for the purchase of
20 an existing building. When a qualified business purchases an existing building and
21 capital expenditures are used to rehabilitate the building, only the costs of the
22 rehabilitation shall be considered qualified capital expenditures. Additionally, a
23 qualified business shall be allowed to increase its qualified capital expenditures to
24 the extent the qualified business's capitalized basis is properly reduced by claiming
25 a federal credit. A qualified business earns the project facility expense rebate in the
26 qualified business's fiscal year in which the project is placed in service but the
27 qualified business may not be issued the project facility expense rebate until the
28 Department of Economic Development signs a project completion report or such
29 other time as provided for by rule or regulation. The project completion report for

1 the project facility expense rebate shall adhere to the same requirements found in
2 R.S. 51:1787(A)(1)(a)(ii) for the sales and use tax rebate.

3 * * *

4 Section 2. This Act shall become effective on July 1, 2015; if vetoed by the governor
5 and subsequently approved by the Legislature, this Act shall become effective on July 1,
6 2015, or on the day following such approval, whichever is later.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 635 Original

2015 Regular Session

Jackson

Abstract: Reduces the amount of rebates by 20%.

Present law authorizes a rebate for donations to school tuition organizations equal to the actual amount donated by the taxpayer used to fund a scholarship for a qualified student.

Proposed law retains present law but reduces the amount of the rebate from 100% to 80% of the actual amount of the taxpayer's donation.

Present law authorizes the secretary of DED to enter into state sales and use tax rebate contracts with procurement processing companies which recruit purchasing companies to La. and to determine the amount of the rebate.

Proposed law retains present law but prohibits the rebate amount provided for in the contract from exceeding 80% of the state sales and use taxes collected on new taxable sales for all contracts entered into on or after July 1, 2015.

Present law establishes the Enterprise Zone Program which provides for tax credits and rebates for eligible businesses based on numbers of jobs, and provides for specific eligibility criteria with respect to employees for jobs that are eligible for program benefits.

Proposed law retains present law but prohibits the rebate amount provided for in the contract from exceeding 80% of the total of the actual amount of the sales and use taxes paid for contracts entered into on or after July 1, 2015.

Present law 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 consumed or used directly in the operation of the mega-project facility or consumed indirectly in the manufacture or creation of energy sold to the mega-project facility for its operation.

Proposed law retains present law but reduces the amount of the rebate from 100% to 80% of La. severance taxes that were paid to the state for cooperative endeavor agreements entered into or after July 1, 2015.

Present law creates the Corporate Headquarters Relocation Program which grants to a "qualifiedbusiness" a contract to receive a relocation rebate of 25% of "relocation costs" to relocate or expand its "headquarters" in La.

Proposed law retains present law but reduces the amount of the rebate from 25% to 20% of "relocation costs" for contracts entered into after July 1, 2015.

Present law 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 payment based on the amount of new payroll, a sales and use taxes rebate for taxes paid, and a payment equal to 1.5% of the amount of certain qualified capital expenditures associated with a facility utilized in the performance of the contract.

Proposed law retains present law but reduces the amount of the rebate from 1.5% to 1.2% of certain qualified capital expenditures. Further reduces the amount of the credit from a maximum of 15% to 12% of new payroll.

Effective July 1, 2015.

(Amends R.S. 47:6301(A)(1) and 6351(B)(1) and (C) and R.S. 51:1787(A)(1)(a)(ii), 2455(A), 3114(B), and 3121(C)(3)(b)(i) and (C)(4)(c); Adds R.S. 51:2367(E))