HLS 15RS-726 ORIGINAL

2015 Regular Session

HOUSE BILL NO. 738

1

BY REPRESENTATIVES JAMES, BURRELL, GAINES, HUNTER, TERRY LANDRY, PIERRE, AND SMITH

TAX CREDITS: Excludes certain businesses from being eligible to participate in the Enterprise Zone Program and dedicates certain savings

AN ACT

2	To amend and reenact R.S. 51:1787(B)(3)(b) and (c) and to enact R.S. 51:1787(B)(3)(d)
3	and (K), relative to enterprise zone incentives for businesses; to provide with respect
4	to the enterprise zone program; to provide for certain eligibility requirements; to
5	provide for applicability; to require the transfer of certain funds; to provide for an
6	effective date; and to provide for related matters.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. R.S. 51:1787(B)(3)(b) and (c) is hereby amended and reenacted and R.S.
9	51:1787(B)(3)(d) and (K) are hereby enacted to read as follows:
10	§1787. Incentives
11	* * *
12	B. The board may enter into the contracts provided in Subsection A of this
13	Section provided that:
14	* * *
15	(3)
16	* * *
17	(b) In addition to the requirements of Subparagraph (a) of this Paragraph,
18	eligibility for a retail business which is assigned a North American Industry
19	Classification Code of 44 or 45 and has more than one hundred employees

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

nationwide including affiliates prior to the contract effective date shall be limited to grocery stores and pharmacies located in an enterprise zone, as such terms are defined by the department by rules promulgated in accordance with the Administrative Procedure Act.

- (c) In addition to the requirements of Subparagraphs (a) and (b) of this Paragraph, businesses that are assigned a North American Industry Classification Code of 23, 53, 62, or 72 shall not be eligible to receive incentives under this Section.
- (d) The certifications required by Subparagraph (a) of this Paragraph shall be updated annually if the business is to continue receiving the benefits of this Chapter.

* * *

K.(1) On July 1, 2016, and on July first of each fiscal year thereafter upon receipt of the certification from the Department of Economic Development required in Subparagraph (2), the state treasurer is hereby authorized and directed to transfer to the Louisiana Education and Workforce Opportunity Fund an amount equal to the savings recognized by the state by limiting enterprise zone incentives eligibility to select industries by NAICS code. The amount transferred to the Louisiana Education and Workforce Opportunity Fund pursuant to this Subsection shall never exceed twenty-five million dollars.

(2) When the amount of state monies expended on incentives for the enterprise zone program in the baseline year is greater than the amount of state monies expended in the calendar year immediately preceding the annual transfer directed to be made by the state treasurer in Subparagraph (1) of this Subsection, that amount shall be designated as the "savings" amount to be transferred. The Department of Economic Development shall establish a baseline year amount based on the monies expended by the state on incentives granted for the enterprise zone program in calendar year 2014 and shall certify annually the savings to the state treasurer.

1 Section 2. The provisions of this Act shall apply to any new contract for which an 2 advance notification has been filed on or after the effective date of this Act and to the 3 renewal of any existing contract occurring on or after the effective date of this Act. 4 Section 3. The enactment of R.S. 51:1787(K) provided for in this Act shall take 5 effect and become operative if and when the Act which originated as House Bill No. 6 of this 2015 Regular Session of the Legislature is enacted and becomes effective. 7 Section 4. Except as provided for in Section 3 of this Act, this Act shall become 8 effective upon signature by the governor or, if not signed by the governor, upon expiration 9 of the time for bills to become law without signature by the governor, as provided by Article 10 III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently 11 approved by the legislature, this Act shall become effective on the day following such 12 approval.

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 738 Original

2015 Regular Session

James

Abstract: Prohibits certain business industries from being eligible for sales tax rebates and tax credits provided in the enterprise zone program and dedicates certain savings.

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

<u>Proposed law</u> retains <u>present law</u> but removes the requirement that certain retail businesses employ greater than 100 employees nationwide and prohibits the following business industries which are identified by the following North American Industry Classification Codes (NAICS) from being eligible for incentives:

- (1) Construction, NAICS Codes beginning with 23
- (2) Real Estate and Rental and Leasing, NAICS Codes beginning with 53
- (3) Healthcare and Social Assistance, NAICS Codes beginning with 62
- (4) Accommodation and Food Services, NAICS Codes beginning with 72

<u>Proposed law</u> shall be applicable to contracts executed after the effective date of <u>proposed</u> law.

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

<u>Proposed law</u> directs the state treasurer to annually transfer the amount of savings recognized by the state by limiting enterprise zone incentives to the Louisiana Education and Workforce Opportunity Fund, established in <u>proposed law</u>. Further requires Dept. of Economic Development to establish a baseline year amount based on state monies expended on enterprise zone incentives in calendar year 2014 and to certify the amount of savings to the state treasurer annually. <u>Proposed law</u> prohibits transfer of an amount greater than \$25M.

<u>Proposed law</u> further provides that when the baseline amount is greater than the calendar year immediately preceding the fiscal year in which the annual transfer is to occur, the difference in the amounts shall be the amount transferred by the state treasurer.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 51:1787(B)(3)(b) and (c); Adds R.S. 51:1787(B)(3)(d) and (K))