

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

5 Be it enacted by the Legislature of Louisiana:

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

9 §1787. Incentives

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

13 (1) For either:

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

19 * * *

1 to it by the Louisiana Workforce Commission. In no instance shall a rebate be
2 determined by multiplying the value of the health care benefits by the benefit rate.

3 (2) For contracts entered into on or after July 1, 2015, pursuant to this
4 Section, no rebate shall exceed the amount of the benefit rate as defined in R.S.
5 51:2453(1), multiplied by eighty percent of the gross payroll, as defined in R.S.
6 51:2453(3), of new direct jobs as defined in R.S. 51:2453(4), for the taxable period
7 as verified by the Department of Economic Development through the use of
8 information provided to it by the Louisiana Workforce Commission. In no instance
9 shall a rebate be determined by multiplying the value of the health care benefits by
10 the benefit rate.

11 * * *

12 §3114. Contract administration; rebate

13 * * *

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

- 17 ~~(1)~~ (a) The maximum amount of qualifying relocation costs.
- 18 ~~(2)~~ (b) The number of headquarters jobs and associated payroll to be created
19 and maintained and any other performance obligations deemed appropriate by the
20 secretary.
- 21 ~~(3)~~ (c) The reduction of annual rebate payments if performance obligations
22 are not met.

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

- 26 (a) The maximum amount of qualifying relocation costs.
- 27 (b) The number of headquarters jobs and associated payroll to be created and
28 maintained and any other performance obligations deemed appropriate by the
29 secretary.

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

1 as capital expenditures for federal income tax purposes related to the project plus
 2 exclusions from capitalization provided for in Internal Revenue Code Section 263
 3 (a)(1)(A) through (L), minus the capitalized cost of land, capitalized leases of land,
 4 capitalized interest, capitalized costs of machinery and equipment to the extent
 5 capitalized manufacturing machinery and equipment costs are excluded from sales
 6 and use tax pursuant to R.S. 47:301(3), and the capitalized cost for the purchase of
 7 an existing building. When a qualified business purchases an existing building and
 8 capital expenditures are used to rehabilitate the building, only the costs of the
 9 rehabilitation shall be considered qualified capital expenditures. Additionally, a
 10 qualified business shall be allowed to increase its qualified capital expenditures to
 11 the extent the qualified business's capitalized basis is properly reduced by claiming
 12 a federal credit. A qualified business earns the project facility expense rebate in the
 13 qualified business's fiscal year in which the project is placed in service but the
 14 qualified business may not be issued the project facility expense rebate until the
 15 Department of Economic Development signs a project completion report or such
 16 other time as provided for by rule or regulation. The project completion report for
 17 the project facility expense rebate shall adhere to the same requirements found in
 18 R.S. 51:1787(A)(1)(a)(ii) for the sales and use tax rebate.

* * *

20 Section 2. This Act shall become effective on July 1, 2015; if vetoed by the governor
 21 and subsequently approved by the Legislature, this Act shall become effective on July 1,
 22 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 Engrossed

2015 Regular Session

Jackson

Abstract: Reduces the amount of certain rebates by 20%.

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 "qualified business" 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. 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))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Delete the provisions relative to the rebate for donations to school tuition organizations as provided and the provisions relative to the rebate for state sales and use tax for certain procurement processing companies.