

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

5 Be it enacted by the Legislature of Louisiana:

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

8 §2367. Louisiana Mega-Project Energy Assistance Rebate

9 * * *

10 E. With respect to projects for which the secretary makes a determination on
11 or after July 1, 2015, that the consumption of energy will be a major cost component
12 of the operation of a mega-fund project, pursuant to this Section, the rebate granted
13 to a mega-project shall not exceed eighty percent of Louisiana severance taxes that
14 were paid to the state on any natural gas consumed or used directly in the operation
15 of the mega-project facility or consumed indirectly in the manufacture or creation
16 of energy sold to the mega-project facility for its operation, as determined in
17 Paragraph (C)(1) of this Section.

18 * * *

1 §2455. Incentive rebates

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

10 (2) For projects for which an advance notification was filed on or after July
11 1, 2015, pursuant to this Section, no rebate shall exceed the amount of the benefit
12 rate as defined in R.S. 51:2453(1), multiplied by eighty percent of the gross payroll,
13 as defined in R.S. 51:2453(3), of new direct jobs as defined in R.S. 51:2453(4), for
14 the taxable period as verified by the Department of Economic Development through
15 the use of information provided to it by the Louisiana Workforce Commission. In
16 no instance shall a rebate be determined by multiplying the value of the health care
17 benefits by the benefit rate.

18 * * *

19 §3114. Contract administration; rebate

20 * * *

21 B.(1) The With respect to projects for which an invitation to apply was
22 extended by the secretary prior to July 1, 2015, the contract shall provide a rebate to
23 the qualified business of twenty-five percent of relocation costs and shall include the
24 following provisions:

25 ~~(1)~~ (a) The maximum amount of qualifying relocation costs.

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

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

3 (2) With respect to projects for which an invitation to apply is extended by
4 the secretary on or after July 1, 2015, the contract shall provide a rebate to the
5 qualified business of twenty percent of relocation costs and shall include the
6 following provisions:

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

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

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

13 * * *

14 §3121. Competitive Projects Payroll Incentive Program

15 * * *

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

20 * * *

21 (3)(a)

22 * * *

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

25 (i) The percentage of new payroll eligible for rebate, up to a maximum of
26 fifteen percent. With respect to projects for which an invitation to apply is extended
27 by the secretary on or after July 1, 2015, pursuant to this Section, the percentage of
28 new payroll eligible for rebate shall not exceed twelve percent.

29 * * *

1 (4)

2 * * *

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

2015 Regular Session

Jackson

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

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, with respect to those projects for which the secretary makes a determination on or after July 1, 2015, that the consumption of energy will be a major cost component of the operation of the project, reduces the amount of the rebate from 100% to 80% of La. severance taxes that were paid to the state.

Present law provides for the Quality Jobs Program, which program authorizes the granting of contracts by the Board of Commerce and Industry to businesses for the purposes of providing rebates and tax credits for the achievement of certain performance by the business. The term of the contract is five years. Authorizes a rebate equal to the benefit rate as defined in present law multiplied by the gross payroll of new direct jobs.

Proposed law retains present law but, with respect to projects for which an advance notice was filed on or after July 1, 2015, reduces the rebate to an amount not to exceed the amount of the benefit rate multiplied by 80% of the gross payroll of new direct jobs.

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, with respect to those projects for which an advance notification was filed on or after July 1, 2015, reduces the amount of the rebate from 25% to 20% of "relocation costs".

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, with respect to those projects for which an invitation to apply is extended by the secretary on or after July 1, 2015, 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. 51:2455(A), 3114(B), and 3121(C)(3)(b)(i) and(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.

The House Floor Amendments to the engrossed bill:

1. Delete provisions relative to Enterprise Zone Incentives.
2. With respect to the La. Mega-Project Energy Assistance Rebate, change the applicability of the reduced rebate from those project contracts entered into on or after July 1, 2015 to those projects for which the secretary makes a determination on or after July 1, 2015, that the consumption of energy will be a major cost component of the operation of the project.
3. With respect to the La. Quality Jobs Program and the Corporate Headquarters Relocation Program, change the applicability of the reduced rebate from those project contracts entered into on or after July 1, 2015 to those projects for which an advance notification was filed on or after July 1, 2015.
4. With respect to the Competitive Projects Payroll Incentive program, change the applicability of the reduced rebate from those project contracts entered into on or after July 1, 2015 to those projects for which an invitation to apply is extended by the secretary on or after July 1, 2015.