

2016 First Extraordinary Session

HOUSE BILL NO. 49

BY REPRESENTATIVE ABRAMSON

TAX EXEMPTIONS: Provides relative to eligibility for the Enterprise Zone program (Item #27)

1 AN ACT

2 To amend and reenact R.S. 51:1787(A)(2)(a), relative to the Enterprise Zone Program; to  
3 provide for the amount of the income tax credit for employing certain employees; to  
4 provide for applicability; to provide for an effective date; and to provide for related  
5 matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 51:1787(A)(2)(a) is hereby amended and reenacted to read as  
8 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 \* \* \*

14 (2)(a)(i) With respect to projects for which an advance notification form was  
15 filed before April 1, 2016, and except ~~Except~~ as provided in Subparagraph (b) of this  
16 Paragraph, for a two thousand five hundred dollar tax credit per net new employee  
17 as determined by the company's average annual employment reported under the  
18 Louisiana Employment Security Law during the taxable year for which credit is  
19 claimed.

1           (ii) With respect to projects for which an advance notification form was filed  
2           on or after April 1, 2016, and except as provided in Subparagraph (b) of this  
3           Paragraph, for the following tax credits:

4                 (I) A three thousand five hundred dollar tax credit per net new employee as  
5                 determined by the company's average annual employment reported under the  
6                 Louisiana Employment Security Law during the taxable year for which the credit is  
7                 claimed and who meet the qualifications of Items (ii) and (iii) of Subparagraph (b)  
8                 of Paragraph (3) of Subsection (B) of this Section.

9                 (II) A one thousand dollar tax credit per net new employee as determined by  
10                the company's average annual employment reported under the Louisiana  
11                Employment Security Law during the taxable year for which the credit is claimed  
12                and who does not meet the qualifications of Items 3(a)(ii).

13                (iii) This tax credit may be applied to any state income tax liability or any  
14                state corporate franchise tax liability, but not liabilities for penalty or interest, due  
15                or outstanding at the time the credit is generated. However, credits may be applied  
16                to a due or outstanding tax liability attributable to tax years prior to the year in which  
17                the credit is generated only if the tax liability is the result of an assessment,  
18                administrative, or judicial proceeding by the Department of Revenue after an audit,  
19                provided that no further interest or penalty shall be accrued on such tax liability after  
20                the credit is generated. If the entire credit cannot be used in the year claimed, the  
21                remainder may be applied against the income tax or corporate franchise tax for the  
22                succeeding ten taxable years or until the entire credit is used, whichever occurs first.  
23                These credits shall also apply to those tax liabilities, but not liabilities for penalty or  
24                interest, identified in tax years where existing contracts generate the credit.

25    \*        \*        \*

26           Section 2. This Act shall become effective upon signature by the governor or, if not  
27           signed by the governor, upon expiration of the time for bills to become law without signature  
28           by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

- 1 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
2 effective on the day following such 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 49 Original

2016 First Extraordinary Session

Abramson

**Abstract:** Modifies the amount of the tax credit authorized through the Enterprise Zone Program for employing certain employees.

Present law establishes the enterprise zone program through which businesses may enter into contracts with the Board of Commerce and Industry to receive income tax credits or sales and use tax rebate payments in exchange for the creation of a certain number of jobs that involve employees who meet certain residency and other requirements.

Present law requires a business to certify that at least 50% of its employees meet at least one of the following qualifications:

- (1) Are residents of any enterprise zone in La., for a business located in an urban enterprise zone or a business not located in either an enterprise zone or an economic development zone.
- (2) Are residents of the same parish as the location of the business, or any enterprise zone in La., for a business located in a rural enterprise zone, an economic development zone, or an enterprise zone in Calcasieu Parish.
- (3) Were receiving some form of public assistance during the six-month period prior to employment.
- (4) Were considered unemployable by traditional standards, or lacking in basic skills.

Present law authorizes an income tax credit of \$2,500 per net new employee as determined by the company's average annual employment reported under the La. Employment Security Law during the taxable year for which credit is claimed.

Proposed law retains present law with respect to all projects for which an advance notification was filed prior to April 1, 2016.

Proposed law changes the amount of the income tax credit depending on the type of new employee for which the credit is claimed for all projects for which an advance notification is filed on or after April 1, 2016.

Proposed law authorizes an income tax credit of \$3,500 per net new employee who was either receiving some form of public assistance during the six-month period prior to employment or was considered unemployable by traditional standards, or lacking in basic skills. Further authorizes an income tax credit of \$1,000 per net new employee who does not meet either of those qualifications.

Effective upon signature of governor or lapse of gubernatorial action.

(Amends R.S. 51:1787(A)(2)(a))