

2016 First Extraordinary Session

HOUSE BILL NO. 66

BY REPRESENTATIVE JAMES

TAX EXEMPTIONS: Provides relative to the Enterprise Zone Program (Item #27)

1 AN ACT

2 To amend and reenact R.S. 51:1787(A)(3) and (B)(3)(c) and (5) and to enact R.S.  
3 51:1787(A)(1)(c) and (B)(3)(d), relative to the Enterprise Zone Program; to provide  
4 for eligibility; to limit the amount of rebate and investment income tax credit; to  
5 provide for computation of average annual employment; to provide for applicability;  
6 to provide for effectiveness; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 51:1787(A)(3) and (B)(3)(c) and (5) are hereby amended and  
9 reenacted and R.S. 51:1787(A)(1)(c) and (B)(3)(d) are hereby enacted to read as follows:

10 §1787. Incentives

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

14 (1) For either:

15 \* \* \*

16 (c)(i) For projects for which the advance notification is filed on or after April  
17 1, 2016, the amount of the rebate of sales and use taxes and the investment income  
18 tax credit granted pursuant to the provisions of this Section shall not exceed one  
19 hundred thousand dollars per net new job created under this Chapter. For purposes  
20 of determining the maximum rebate or income tax credit allowed, each net new job

1       shall only be counted for the year in which the job is created. This limitation shall  
2       only apply to the sales and use tax rebates and refundable investment income tax  
3       credits granted to businesses participating in the Enterprise Zone Program.

4               (ii) A business shall not receive any sales and use tax rebate or refundable  
5       investment income tax credit until it has provided all documentation, including filing  
6       the annual certification report as required by rule, and has shown proof of the  
7       creation of the net new jobs.

8   \*       \*       \*

9               (3) The tax credit provided in Paragraph (2) of this Subsection shall be  
10       applicable as follows:

11              (a) For projects for which an advance notification was filed before April 1,  
12       2016, only to a position within the state that did not previously exist in the business  
13       enterprise and that is filled by a person who is a citizen of the United States and who  
14       is domiciled in Louisiana, or who is a citizen of the United States and becomes  
15       domiciled in Louisiana within sixty days after his employment in such position,  
16       performing duties in connection with the operation of the business enterprise as a  
17       regular, full-time employee.

18              (b) For projects for which an advance notification was filed on or after April  
19       1, 2016, only to a position within the state that is in excess of the median statewide  
20       number of employees of the business, including affiliates, that did not previously  
21       exist in the business enterprise prior to the contract effective date and that is filled  
22       by a person who is a citizen of the United States and who is domiciled in Louisiana,  
23       or who is a citizen of the United States and becomes domiciled in Louisiana within  
24       sixty days after his employment in such position, performing duties in connection  
25       with the operation of the business enterprise as a regular, full-time employee.

26              (c) The total number of credits allowed to a business enterprise for  
27       employees who are citizens of the United States and who become domiciled in  
28       Louisiana within sixty days after employment shall not exceed fifty percent of the  
29       total number of credits allowed to the business enterprise under the contract.

1           B. The board may enter into the contracts provided in Subsection A of this  
2 Section provided that:

3                                   \*       \*       \*

4           (3)

5                                   \*       \*       \*

6           (c) Notwithstanding any other provision of law to the contrary, a business  
7 that is assigned a North American Industry Classification Code of 23, 5613, or 721,  
8 and whose advance notification is not filed before April 1, 2016, shall be ineligible  
9 to receive benefits pursuant to the provisions of this Section.

10           (d) The certifications required by Subparagraph (a) of this Paragraph shall  
11 be updated annually if the business is to continue receiving the benefits of this  
12 Chapter.

13                                   \*       \*       \*

14           (5)(a) Except as provided in Subparagraph (b) of this Paragraph, the business  
15 creates either:

16           (i) A minimum of the lesser of five net new permanent jobs to be in place  
17 within the first two years of the contract period, as determined by the company's  
18 average annual employment reported under the Louisiana Employment Security  
19 Law.

20           (ii) The number of net new jobs equal to a minimum of ten percent of the  
21 existing employees, minimum of one, within the first year of the contract period, as  
22 determined by the company's average annual employment reported under the  
23 Louisiana Employment Security Law.

24           (b) For purposes of Subparagraph (a) of this Paragraph, the methodology for  
25 determining a company's average annual employment shall be established by  
26 department rule.

27           (c) A business which has an estimated construction period for its building  
28 greater than two years may, for good cause shown, obtain an extension of not more

1 than two years to comply with the requirements of Subparagraph (a) of this  
2 Paragraph.

3 ~~(c)~~(d) Provided the business entering the contract provided in Subsection A  
4 of this Section is a nonprofit organization organized to finance the development and  
5 construction of buildings and infrastructure to serve a public institution of higher  
6 education, the new permanent jobs required in Subparagraph ~~(B)(6)(a)~~ (B)(5)(a) of  
7 this Section may be created by the public institution of higher education.

8 ~~(d)~~ (e) The provisions of this Section shall be applicable to all contracts  
9 entered into under the provisions of Subsection A after January 1, 2002.

10 \* \* \*

11 Section 2. This Act shall become effective upon signature by the governor or, if not  
12 signed by the governor, upon expiration of the time for bills to become law without signature  
13 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
14 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
15 effective on the day following such approval.

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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)]

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HB 66 Original

2016 First Extraordinary Session

James

**Abstract:** Limits rebate and investment income tax credit authorized and changes eligibility requirements to receive rebates and investment income tax credits through the Enterprise Zone Program.

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.

Proposed law limits the amount of the sales and use tax rebate or the investment income tax credit, for projects for which an advance notification is filed on or after April 1, 2016, to \$100,000 per net new employee created. Further requires the net new job only be counted for purposes of the cap on the amount of the benefit in the year in which the net new job is created.

Proposed law makes ineligible for the Enterprise Zone Program those businesses with North American Industry Classification (NAICS) Code of 23 (Construction), 5613 (administrative and support services), or 721 (accommodations/hotels) if an advance notification for the project was not filed before April 1, 2016.

Proposed law authorizes the Dept. of Economic Development to determine the methodology used to compute a company's average annual employment for purposes of determining eligibility.

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

(Amends R.S. 51:1787(A)(3) and (B)(3)(c) and (5); Adds R.S. 51:1787(A)(1)(c) and (B)(3)(d))