
The original instrument was prepared by James Benton. The following digest, which does not constitute a part of the legislative instrument, was prepared by Ann S. Brown.

DIGEST

SB 3 Reengrossed

2016 First Extraordinary Session

LaFleur

Present law, relative to the La. Enterprise Zone Act, provides that the Department of Economic Development and the Department of Revenue, may enter into contracts, with a maximum term of five years, to provide for either of the following:

- (1) The use of customer-owned tooling in a compression molding process.
- (2) Purchases of the material used in the construction of a building, or any addition or improvement thereon, for housing any legitimate business enterprise and machinery and equipment used in that enterprise.

Proposed law retains present law.

Proposed law provides that the amount of state sales and use tax rebate or investment income tax credit allowed will be limited to \$100,000 of rebate or credit for each net new job created under the Louisiana Enterprise Zone Act. Further provides that this limitation will only apply to businesses participating in the enterprise zone.

Proposed law provides that a business subject to this limitation will not receive any sales and use tax rebate or investment tax credit until it has provided all documentation, including filing of its annual certification report, as required by program rules and has shown proof of the creation of the net new job. Each net new job will only be counted as new for purposes of earning the \$100,000 of sales and use tax rebate or investment income tax credit in the year of its creation.

Present law provides for a tax incentive credit of \$2,500 per net new employee as determined by the company's average annual employment report for companies within the enterprise zone. Further specifies the conditions under which the credit may be used.

Proposed law changes references to the amount of the tax incentive credit for each new job as follows:

- (1) Increases the tax credit from \$2,500 to \$3,500 for companies located in an enterprise zone.
- (2) Creates a tax credit of \$1,000 for companies located outside of an enterprise zone.

Present law provides that the tax credit provided in present law will be applicable only to a position within the state and that is filled by a person who is a U.S. citizen and who is domiciled in Louisiana, or who is a U.S. citizen and becomes domiciled in Louisiana within 60 days after his employment

in such position, performing duties in connection with the operation of the business enterprise as a regular, full-time employee. The total number of credits allowed to a business enterprise for employees who are U.S. citizens and who become domiciled in Louisiana within 60 days after employment will not exceed 50% of the total number of credits allowed to the business enterprise under the contract.

Proposed law retains present law but changes applicability guideline to refer only to a position within the state that is in excess of the median statewide number of employees of the business, including affiliates, that did not previously exist in the business enterprise prior to the contract effective date.

Proposed law provides that a business which is assigned a North American Industry Classification Code of 23, 5613, or 721 and whose advance notification is not filed before April 1, 2016, will be ineligible to receive benefits.

Present law provides that the business creates:

- (1) A minimum of the lesser of five net new permanent jobs to be in place within the first two years of the contract period, or the number of net new jobs equal to a minimum of 10% of the existing employees, minimum of one, within the first year of the contract period.
- (2) The number of net new jobs equal to a minimum of 10% of the existing employees, minimum of one, within the first year of the contract period.

Proposed law retains present law but adds the requirement of using the company's average annual employment reported under the La. Employment Security Law for purposes of determining if the business is in compliance with present law. Further provides that the methodology for averaging will be determined by department rule.

Proposed law will apply to any new contract that an advance notification has been filed on or after April 1, 2016, and to the renewal of any existing contract occurring on or after April 1, 2016.

Proposed law provides a sunset date of July 1, 2017, for the program.

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

(Amends R.S. 51:1781, 1787(A)(2)(a) and (3), and (B)(3)(c) and (5); adds R.S. 51:1787(A)(1.1) and (B)(3)(d))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Makes corrections to identify the proper North American Industry Classification Code.

Senate Floor Amendments to engrossed bill

1. Increases the tax credit for companies located in an enterprise zone for the creation of a new job.
2. Creates a tax credit for companies located outside of an enterprise zone for the creation of a new job.
3. Provides a sunset date of 7/1/2017 for the program.
4. Makes Legislative Bureau and Bureau Note technical corrections.