

RÉSUMÉ DIGEST

HB 846

2020 Regular Session

Wright

Existing law establishes the Competitive Projects Payroll Incentive Program (program) for qualified businesses to receive a rebate of up to 15% of eligible new payroll and for either a sales and use tax rebate for capital expenditures for a facility designated in the contract or for a project facility expense rebate.

Existing law authorizes businesses to participate in the program upon invitation by the secretary of the Dept. of Economic Development (DED) and approval by the Joint Legislative Committee on the Budget (JLCB). Further authorizes other business activities to be eligible to participate in the program as recommended by the secretary of DED and approved by JLCB.

Existing law prohibits any new contracts from being approved on or after July 1, 2022, but contracts existing on that date may continue and may be renewed.

Proposed law would have established a rebate for any eligible COVID-19-impacted business (impacted business) assigned a North American Industry Classification Code of 44, 45, or 72 that met certain criteria including having a physical and active operation in La. on March 13, 2020, having no more than 50 full-time employees as of March 1, 2020, filing all applicable state tax returns, and filing an initial application with DED to be recognized as an impacted business on or before Dec. 31, 2021. In order to have qualified for the rebate, the impacted business would have been required to create a minimum of five new jobs between May 15, 2020, and Dec. 31, 2021, and would have been required to create a minimum new annual payroll from new jobs of at least \$40,000 before Dec. 31, 2021.

Proposed law would have established the benefit rate for the rebate at 6% of the wages for each new job created. In order to determine the number of new jobs eligible for the rebate, the applicant's employment baseline would have been the total number of active full-time and part-time employees at the impacted business's place of operation that were La. residents on May 14, 2020.

Proposed law would have defined "new jobs" as employment with an impacted business where each employee was employed by the impacted business at its place of operation, the employee was a La. resident, the employee's hire or rehire date was on or after May 15, 2020, and the employee was paid, as a base wage, at least the federal minimum wage excluding tips, bonuses, and commissions.

Proposed law would have required the initial rebate amount to be based on new jobs and annual payroll created between May 15, 2020, and Dec. 31, 2021. Would have further provided that a business would have been eligible for a rebate for each year that it maintained or exceeded the minimum required new jobs and annual payroll as provided in proposed law.

Proposed law would have limited eligible payroll to \$500,000 per impacted business per calendar year, limited impacted businesses from receiving the rebate for more than three years, and prohibited a rebate from being paid for any new job or payroll created after Dec. 31, 2022.

Proposed law would have provided for the application, administration, payment, and recovery of the rebate.

Proposed law would have prohibited a business from receiving any other nondiscretionary statutory incentive administered by DED for any payroll expenditures for which the business had received a rebate pursuant to proposed law.

Proposed law would have authorized DED, in consultation with DOR, to adopt and promulgate rules and regulations that would have been necessary to implement proposed law.

(Proposed to add R.S. 51:3122)

VETO MESSAGE:

"Please be advised that I have vetoed House Bill 846 of the 2020 Regular Session.

In its enrolled form, House Bill 846 of the 2020 Regular Session adds a new payroll incentive rebate program to the long list of incentive programs already administered by the Department of Economic Development. Unlike other incentive programs linked to payroll like Quality Jobs, which requires creation of jobs with payroll nearly three times the minimum wage, any retail or food service business in the state employing less than 50 employees would be eligible to receive this rebate if the business creates five new, minimum-wage paying jobs between May 15, 2020 and December 31, 2021. At a time when 80% of Louisianans support increasing the minimum wage, incentivizing the creation of minimum wage jobs at \$7.25 per hour is contrary to the sentiment of the people of Louisiana that our workforce should be able to earn a true living wage.

Furthermore, numerous bills similar to House Bill 846 ran not only in the last session, but are also running in this current special session without thoughtful consideration of what impact such legislation would affect the state's budget. While the fiscal note does not provide the exact amount of a decrease in collections of state general fund due to this program in the upcoming fiscal year, the eligibility requirements of the program create such a large pool of businesses that will be eligible to participate that there is potential that the cost to the state could be substantial. With so much uncertainty surrounding the state's economic stability in the wake of COVID-19, beginning a new program without truly understanding the direct effect on the upcoming fiscal year would not be prudent. I am more than happy, however, to work with the authors of these measures on quality incentive programs once we know the true effects of COVID-19 on the state's economy."