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## DIGEST

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HB 481 Original

2015 Regular Session

Jay Morris

**Abstract:** Relative to the enterprise zone program, reduces the amount of the refundable investment income tax credit from 1.5% to 1% of qualified capital expenditures, limits the annual aggregate value of tax credits to \$10 million, and sunsets authority for the tax credit on Jan. 1, 2020.

Present law authorizes the Board of Commerce and Industry, after consultation with the secretaries of the Dept. of Economic Development and Dept. of Revenue, and with the approval of the governor, to enter into contracts with businesses not to exceed five years to provide:

- (1) A rebate of all state and local sales and use tax paid by the business for purchases related to material used in the construction of a building, or an addition or improvement to a building, and the use of customer owned tooling in a compression molding process; or
- (2) A refundable investment income tax credit equal to 1.5% of the amount of "qualified expenditures" which are certain capital expenditures related to construction or rehabilitation of a building. "Qualified expenditures" does not include the capitalized cost or lease of land, capitalized interest, capitalized costs of manufacturing machinery and equipment to the extent that those costs are excluded from sales and use tax, and the capitalized cost for the purchase of an existing building.

Proposed law retains present law with respect to contracts for the sales and use tax rebate.

Proposed law changes present law authorizing the refundable investment income tax credit by reducing the credit from 1.5% to 1% of "qualified capital expenditures".

Present law provides that a project completion report must be executed by the Dept. of Economic Development in order for the business to claim a tax credit. Further, requires that the application to claim the tax credit shall be made by the business within six months of the department's execution of the project completion report.

Proposed law retains present law and adds a \$10 million per fiscal year limit on the aggregate value of tax credits which may be approved by the Dept. of Economic Development by way of execution of project completion reports. Once the limit has been met in any fiscal year, the execution of project completion reports shall be suspended until the beginning of the next fiscal year.

Proposed law changes present law by adding a sunset date of Dec. 31, 2019, for the authorization

for refundable investment income tax credits as a benefit under a contract with the Board of Commerce and Industry.

Proposed law is applicable to contracts entered into on or after July 1, 2015.

(Amends R.S. 51:1787(A)(1)(b))