

2017 Regular Session

SENATE BILL NO. 150

BY SENATORS CHABERT AND MORRELL

TAX/TAXATION. Provides for the Ports of Louisiana tax credits. (gov sig)

1 AN ACT

2 To amend and reenact R.S. 47:6036(C)(1)(b) as amended by Section 2 of Act No. 125 of the
3 2015 Regular Session of the Legislature, (G), (I)(1), (I)(1)(c) and (2)(a) and to repeal
4 R.S. 47:6036(C)(1)(b) as amended by Section 5 of Act No. 125 of the 2015 Regular
5 Session of the Legislature and R.S. 47:6036(K), relative to the Ports of Louisiana tax
6 credits; to streamline the approval process; to change the overall credit caps; to
7 extend the sunset date of the credit; to remove an expired reporting provision; to
8 provide for an effective date; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:6036(C)(1)(b) as amended by Section 2 of Act No. 125 of the
11 2015 Regular Session of the Legislature, (G), (I)(1), (I)(1)(c) and (2)(a) are hereby amended
12 and reenacted to read as follows:

13 §6036. Ports of Louisiana tax credits

14 * * *

15 C. Investor tax credit.

16 (1) * * *

17 * * *

1 (b) The Investor Tax Credit provided for in this Subsection shall be granted
2 by the Department of Economic Development for a qualifying project if the
3 commissioner of administration, after approval of the Joint Legislative Committee
4 on the Budget, ~~and the state bond commission~~ certifies to the secretary of the
5 department that securing the project will result in a significant positive economic
6 benefit to the state. "Significant positive economic benefit" means net positive tax
7 revenue that shall be determined by taking into account direct, indirect, and induced
8 impacts of the project based on a standard economic impact methodology utilized
9 by the commissioner, and the value of the credit, and any other state tax and financial
10 incentives that are used by the department to secure the project. If the commissioner
11 with the approval of the committee so certifies, then the Department of Economic
12 Development may grant a tax credit equal to seventy-two percent of the total capital
13 costs of such qualifying project to be taken at five percent per tax year or shall grant
14 such other amount of tax credit to be taken at such other percentage which is
15 warranted by the significant positive economic benefit determined by the
16 commissioner, but no tax credit granted for a qualifying project shall exceed one
17 million eight hundred thousand dollars per tax year. However, the total amount of
18 tax credits granted on a qualifying project shall not exceed the total cost of the
19 project. In addition, the investor tax credits granted by the department to any
20 recipient pursuant to this Section shall be limited to an amount which shall not result
21 in a reduction of tax liability by all recipients of such credits to exceed four million
22 five hundred thousand dollars in any fiscal year.

23 * * *

24 G. Termination of investor and import-export cargo tax credits.

25 The provisions of Subsection C and I of this Section shall be effective until
26 ~~January 1, 2020~~ **July 1, 2021**, and no investor tax credit or import-export cargo tax
27 credit pursuant to the provisions of this Section shall be granted after such date.

28 * * *

29 I. Import-export cargo tax credit.

1 Section 2. R.S. 47:6036(C)(1)(b) as amended by Section 5 of Act No. 125 of the
2 2015 Regular Session of the Legislature and R.S. 47:6036(K) are hereby repealed.

3 Section 3. The provisions of this Act shall supercede and control to the extent of any
4 conflict between this Act and Act No. 125 of the 2015 Regular Session of the Legislature
5 as amended by Act No. 29 of the 2016 First Extraordinary Session of the Legislature.

6 Section 4. This Act shall become effective upon signature by the governor or, if not
7 signed by the governor, upon expiration of the time for bills to become law without signature
8 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
9 vetoed by the governor and subsequently approved by the legislature, this Act shall become
10 effective on the day following such approval.

The original instrument was prepared by Leonore F. Heavey. The following digest, which does not constitute a part of the legislative instrument, was prepared by Jeanne Johnston.

DIGEST

SB 150 Re-Reengrossed

2017 Regular Session

Chabert

Prior to Act 125 of the 2015 Regular Session, R.S. 47:6036(C)(1)(b) provided for an investor tax credit equal to 100% of the capital costs of a qualifying port project, up to \$2.5 million per project, with a total annual program cap of \$6,250,000 for all projects.

Present law (R.S. 47:6036(C)(1)(b) as amended by Section 2 of Act 125, 2015 R.S.) provides for an investor tax credit of 72% of the capital costs associated with a qualifying port project, up to \$1.8 million per project, with a total annual program cap of \$4.5 million, for projects approved by the commissioner of administration, the Joint Legislative Committee on the Budget, and the State Bond Commission. Present law would be effective through June 30, 2018.

Proposed law removes the requirement of prior approval by the State Bond Commission. Otherwise retains present law.

Present law (as amended by Section 5 of Act 125, of the 2015 R.S.) would become effective on July 1, 2018, and would restore the port project investor tax credit to an amount equal to 100% of capital costs, restore the per project credit amount and the annual total program amount, and reinstate the requirement for State Bond Commission approval.

Proposed law repeals R.S. 47:6036(C)(1)(b) as amended by Section 5 of Act 125 of the 2015 Regular Session, making permanent the reductions in the investor tax credits and total annual program costs as provided in Section 2 of Act 125 of 2015 R.S., and the elimination of State Bond Commission approval for such tax credits.

Present law provides for an import-export cargo tax credit of up to \$1.8 million per taxpayer at the rate of \$3.60 per ton of qualified cargo that is approved by the commissioner of administration, the Joint Legislative Committee on the Budget, and the State Bond Commission. Proposed law removes the requirement of prior approval by the State Bond Commission.

Present law defines "pre-certification tonnage" as the number of tons of qualified cargo owned by the international business entity receiving the credit, imported or exported, and which were moved by way of an oceangoing vessel berthed at public port facilities in this state during the 2013 calendar year.

Proposed law retains this provision but provides that the vessel was berthed at public port facilities in the state during the year prior to the year in which the import-export cargo credit application is submitted.

Present law terminates both the investor credit and the import-export cargo credit on January 1, 2020. Proposed law extends the termination date of both credits to July 1, 2021.

Present law requires the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs to review the credit to determine if the economic benefit provided by the credit outweighs the loss of revenue realized by the state as a result of awarding the credit. Requires the House and Senate committees to make their recommendations no later than March 1, 2017, to either continue the credit or to terminate the credit. Proposed law repeals the review and reporting requirement.

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

(Amends R.S. 47:6036(C)(1)(b) as amended by Acts 2015, No. 125, §2, (G), (I)(1), (I)(1)(c) and (2)(a); repeals R.S. 47:6036(C)(1)(b) as amended by Acts 2015, No. 125, §5 and 6036(K))

Summary of Amendments Adopted by Senate

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

1. Makes the base year the previous year for cargo credits.

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Eliminates provisions that would increase the annual program cap for the investor and cargo credits to \$6.25 million for the remainder of the program.

Senate Floor Amendments to reengrossed bill

1. Makes technical corrections.
2. Makes permanent the reductions in the tax credit program for qualifying port projects set to sunset on 6/30/18.