
DIGEST

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Leger

HB No. 733

Abstract: Authorizes a base investment tax credit for expenditures for the construction, repair, or renovation of state-certified green projects, not to exceed \$1 million per state-certified green project.

Proposed law defines a "base investment" as expenditures for the construction, repair, or renovation of state-certified green projects, or investments made by a company or financier which are for such expenditures.

Proposed law defines "green job industry" or "green job industries" as energy efficiency and renewable energy industries, energy-efficient building, construction, and retrofit industries, the renewable electric power industry, the energy efficient and advanced drive train vehicle industry, the biofuels industry, the deconstruction and materials use industries, the energy efficiency assessment industry serving the residential, commercial, or industrial sectors, and manufacturers that produce sustainable products using environmentally sustainable processes and materials approved by a nationally recognized high performance environmental building rating system, or that have the ENERGY STAR designation from the United States Environmental Protection Agency. However, any such rating system that uses a material or product-based credit system which is disadvantageous to materials or products manufactured or produced in the state of La. shall not be utilized.

Proposed law defines "state-certified green project" as a capital infrastructure project in the state directly related to green jobs industries, and movable and immovable property and equipment related to it, or any other facility which supports and is a necessary component of such facility, and any expenditures in the state related to the construction, repair, or renovation of such project, which are certified, verified, and approved as required in proposed law.

Proposed law authorizes a base investment tax credit for certified, verified, and approved expenditures in the state for the construction, repair, or renovation of a state-certified green project, or for investments made by a company or a financier in such project which are, in turn, expended for such construction, repair, or renovation, not to exceed \$1 million per state-certified green project. No more than \$5 million in tax credits shall be granted for state-certified green projects per year.

Proposed law provides that if all or a portion of the project is a facility which may be used for other purposes not directly related to the green jobs industry, the project shall only be approved if a determination is made that the multiple-use facility will support and will be necessary to secure

support industries for the green job industry. Prohibits tax credits from being earned on multiple-use facilities until the facility directly used in the green job industries is complete.

Proposed law provides that the base investment credit for state-certified green projects shall be for the following amounts:

- (1) If the total base investment is greater than \$100,000 and less than or equal to \$300,000, a company shall be allowed a tax credit of 10% of the base investment.
- (2) If the total base investment is greater than \$300,000 and less than or equal to \$1 million, a company shall be allowed a tax credit of 20% of the base investment.
- (3) If the total base investment is greater than \$1 million, a company shall be allowed a tax credit of 25% of the base investment.

Proposed law provides for certain limitations on earning the tax credit for base investments.

Proposed law provides that to the extent that base investment is expended on payroll for La. residents employed in connection with the construction of a state-certified green project, a company shall be allowed an additional tax credit of 10% of the payroll. Proposed law further provides for an additional tax credit of 1% of the payroll for La. residents who are graduates of an institution within the La. Community and Technical College System.

Proposed law prohibits tax credits for state-certified green projects to exceed the total base investment in the project. Further provides that credits shall be granted on a first-come, first-served basis. If the total amount of credits applied for in any particular year exceeds the aggregate amount of tax credits allowed for that year, the excess shall be treated as having been applied for on the first day of the subsequent year.

Proposed law provides for the certification, administration, application, recapture, and recovery of the tax credits.

Proposed law requires a written report to be submitted to the House and Senate committees no less than 60 days prior to the start of the 2010 R.S. which shall include the overall impact of the tax credits, the amount of the tax credits issued, the number of net new jobs created, the amount of La. payroll created, the economic impact of the tax credits, and any other factors that describe the impact of the program.

Proposed law requires the secretary of the Dept. of Revenue to promulgate rules and regulations for the implementation of the provisions of proposed law. Such rules shall provide for the taxable periods for which the credit shall be available, as well as an end date for availability of the credit.

Effective upon receipt of a letter from the U.S. Department of Energy awarding La. an obligation of funding of at least \$5 million per year, for a minimum of three years, through the U.S. Dept. of

Energy, Energy Efficiency and Conservation Block Grant program, the Advanced Battery Manufacturing Grants, or any other federal program which provides funding related to support of green jobs industries.

(Adds R.S. 47:6035)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Changes the maximum per project credit from \$10 million to \$1 million.
2. Changes the maximum amount of tax credits which may be granted in one year from \$60 million to \$5 million.
3. Adds requirement for the secretary of the Dept. of Revenue to promulgate rules for the implementation of the provisions of proposed law, to include the taxable periods for which the credit shall be available, as well as an end date for availability of the credit.
4. Changes effectiveness of the bill from "governor's signature" to the receipt of a letter from the U.S. Dept. of Energy awarding La. a grant of at least \$5 million per year, for a minimum of three years for funding related to support of green jobs industries.

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Appropriations to the engrossed bill.

1. Changes the definition of "green job industry" or "green job industries" to require that the materials are approved by a nationally recognized high performance environmental building rating system, or that have the ENERGY STAR designation from the United States Environmental Protection Agency. However, any such rating system that uses a material or product-based credit system which is disadvantageous to materials or products manufactured or produced in the state of La. shall not be utilized.
2. Requires the Dept. of Economic Development to use existing personnel and resources to implement the tax credit program.