
DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Robideaux

HB No. 754

Abstract: Authorizes the secretary of DED to enter into state sales and use tax rebate contracts with procurement processing companies which recruit purchasing companies to La., and provides for the dedication of a portion of revenues generated therefrom for administrative expenses and support of LSU and Southern Ag. Centers and Pennington Biomedical Research Center.

Proposed law authorizes the secretary of the Dept. of Economic Development (DED) to enter into a contract with a procurement processing company to recruit to La., purchasing companies that generate sales of items subject to the taxes imposed under present law, the business of which shall have a significant positive economic benefit to the state. The contract shall provide an incentive to the procurement processing company which shall be paid in the form of a rebate of a portion of the state sales and use taxes collected on new taxable sales by a purchasing company which is managed by a procurement processing company. The initial term of a contract shall not exceed 20 years with authority to grant renewals for up to an additional 20 years.

Proposed law authorizes the secretary of DED to determine the amount of incentive rebates to be paid to a procurement processing company pursuant to the contract. Further requires rebate payments to be based on the amount of new taxable sales which are certified by the secretary of DED.

Proposed law defines a "procurement processing company" as a company engaged in managing the activities of unrelated purchasing companies. Further defines "new taxable sales" as sales of goods and services upon which tax is paid under present law and which would not have occurred in the state but for the operation of a procurement processing company in La.

Proposed law defines an "affiliated entity" as a person who, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with another person.

Proposed law provides that "significant positive economic benefit" means that net positive state tax revenues are to be generated from new taxable sales.

Proposed law requires Dept. of Revenue (DOR) to pay the rebate from the state sales tax revenue generated by the new taxable sales occurring in La. as a result of the operation of a procurement processing company in La.

Proposed law provides that if after a rebate has been paid, DOR determines that certain items

included in the rebate payment did not constitute new taxable sales, the amount rebated for those items shall be recaptured by the department from the procurement processing company, subject to the prescriptive period provided for in present law.

Proposed law provides that if a procurement processing company receives a rebate for new taxable sales, in no event shall the taxes on such new taxable sales remitted to La. constitute an overpayment.

Proposed law authorizes DOR to promulgate rules and regulations in accordance with the APA as are necessary to implement the provisions of proposed law.

Proposed law provides that from monies collected as a result of new taxable sales the secretary of DOR may retain amounts necessary for administration of the provisions of proposed law.

Proposed law dedicates \$16 million per fiscal year from the monies deposited into the state general fund generated from new taxable sales generated pursuant to proposed law. The state treasurer is required to transfer such monies from the state general fund to a newly created special treasury fund, the Specialized Educational Institutions Support Fund (fund).

Proposed law establishes the fund and provides for the deposit and investment of monies in the fund. Monies available for appropriation in any fiscal year from the fund shall be allocated as follows: \$10 Million for the LSU Agricultural Research and Extension Center, \$5 Million for the Pennington Biomedical Research Center, and \$1 Million for the Southern University Agricultural Research and Extension Center.

Proposed law provides that in the event the amount available for appropriation in any fiscal year is insufficient to provide for such allocations, the amounts allocated shall be reduced proportionately.

Effective July 1, 2012.

(Adds R.S. 39:100.126 and R.S. 47:6301)

Summary of Amendments Adopted by House

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

1. Added definitions for an "affiliated entity" and "significant positive economic benefit".
2. Deleted requirement that the governor determine the contract to be in the best interest of the state.
3. Authorized renewal of the contract for up to an additional 20 years.

4. Changed payment of the rebate from the current collection of taxes imposed by present law to state sales tax revenue generated by the new taxable sales occurring as the result of the operation of a procurement processing company in La.
5. Added provisions relative to the recapture of certain rebate payments, subject to the prescriptive period provided for in present law.
6. Prohibited taxes paid on new taxable sales by the purchasing company or affiliated entity from constituting an overpayment.

House Floor Amendments to the engrossed bill.

1. Clarified the definition of "significant positive economic benefit" and deletes provisions detailing how "significant economic benefit" is determined.
2. Authorized the retention of amounts necessary for administration of the program by the Dept. of Revenue.
3. Dedicated \$16 million per fiscal year of the state revenues generated by new taxable sales for purposes of the Specialized Educational Institutions Support Fund.
4. Established the Specialized Educational Institutions Support Fund and requires the allocation of appropriations from the fund for the LSU Agricultural Research and Extension Center, the Pennington Biomedical Research Center, and the Southern University Agricultural Research and Extension Center.