Current law provides benefits of a non-refundable income or franchise tax credit of $2,500 per permanent full-time job with a 10 year carryover and either a sales tax rebate on construction materials or a payment of 1.5% of project expenditures (refundable tax credit with no cap treated as a rebate payment). Qualifying projects include retail (if 100+ employees, limited to pharmacies and groceries in EZ) and may be located in designated enterprise zones (EZ) but must have 50% of employees reside in an EZ (or the same parish as the project for rural) or be receiving public assistance or be unemployed. Qualifying projects’ net new jobs must be the lesser of 5 jobs within 2 years or 10% of existing jobs (minimum of 1) within 1 year.

Eliminates eligibility of all projects with a NAICS code of 44,45, or 72 which is all retail, restaurants and accommodations, including hotels. This bill would eliminate all EZ claims from these types of businesses in FY 16, which is estimated at $7.2M annually. However, the $7.2M is expected to be recouped the following year as the bill allows any project with advanced notice prior to June 10, 2015, to file for their FY16 benefits in FY 17. This note assumes that any project able to obtain benefits in FY 16 would already have advanced notice and would file in FY 17 for recoupment. Additionally, in FY 17, it is expected that projects already in process that are able to recoup would adjust by the last 10% spread over 4 years (for this note, assumed to be 10% in year 5). FY 17 would effectively allow recoupment from projects filed in FY 17 for recoupment. Additionally, in FY 17, it is expected that projects already in process that are able to recoup would adjust by

The bill is effective for all contracts entered into after July 1, 2015. However, projects that have filed advanced notification prior to June 10, 2015 will still be eligible under current law but will only be eligible to apply for benefits after July 1, 2016.