

2016 Regular Session

HOUSE BILL NO. 794

BY REPRESENTATIVE ABRAMSON

TAX/TAX REBATES: Provides relative to the Competitive Projects Payroll Incentive Program

1 AN ACT

2 To amend and reenact R.S. 51:3121(C)(4), relative to the Competitive Projects Payroll
3 Incentive Program; and to provide for related matters.

4 Be it enacted by the Legislature of Louisiana:

5 Section 1. R.S. 51:3121(C)(4) are hereby amended and reenacted to read as follows:

6 §3121. Competitive Projects Payroll Incentive Program

7 * * *

8 C. Applications and contract approval and administration.

9 * * *

10 (4)(a) In addition, a qualified business shall be entitled to either the same
11 sales and use tax rebates ~~authorized in R.S. 51:1787~~ for capital expenditures for the
12 facility or facilities designated in the contract provided for in Subparagraph (b) of
13 this Paragraph, or the project facility expense rebate provided for in Subparagraph
14 (c) of this Paragraph, ~~if the employer meets the enterprise zone program hiring~~
15 ~~requirements and all other limitations, procedures, and requirements in R.S. 51:1787.~~

16 (b) ~~Any qualified business which receives a contract pursuant to this Chapter~~
17 ~~shall also be entitled to a rebate of local sales and use taxes under the same~~
18 ~~procedures and requirements provided for in R.S. 51:1787 for approval of rebates for~~
19 ~~the sales and use taxes of political subdivisions and law enforcement districts,~~
20 ~~including but not limited to the requirement that any such request for a rebate of~~

1 ~~local sales and use taxes be accompanied by an endorsement resolution approved by~~
2 ~~the governing authority of the appropriate political subdivision or law enforcement~~
3 ~~district in whose jurisdiction the qualified business is or will be located. A rebate of~~
4 ~~sales and use tax imposed by the state or any political subdivision of the state, upon~~
5 ~~approval of the governing authority of the appropriate political subdivision,~~
6 ~~including the office of sheriff in the case of a law enforcement district, on the~~
7 ~~purchases of the construction of a building, or any addition or improvement thereon,~~
8 ~~for housing any legitimate business enterprise or machinery and equipment used in~~
9 ~~that enterprise.~~

10 (c) In lieu of the sales and use tax rebate, a qualified business shall be
11 entitled to a project facility expense rebate equal to one and one-half percent of the
12 amount of qualified capital expenditures for the facility or facilities designated in the
13 contract for which an invitation to apply was extended by the secretary before July
14 1, 2015. With respect to projects for which an invitation to apply is extended by the
15 secretary on or after July 1, 2015, a qualified business shall be entitled to a project
16 facility expense rebate equal to one and two-tenths percent of the amount of qualified
17 capital expenditures for the facility or facilities designated in the contract. For
18 purposes of this Subparagraph, the term "qualified capital expenditures" means
19 amounts classified as capital expenditures for federal income tax purposes related to
20 the project plus exclusions from capitalization provided for in Internal Revenue Code
21 Section 263 (a)(1)(A) through (L), minus the capitalized cost of land, capitalized
22 leases of land, capitalized interest, capitalized costs of manufacturing machinery and
23 equipment to the extent capitalized manufacturing machinery and equipment costs
24 are excluded from sales and use tax pursuant to R.S. 47:301(3), and the capitalized
25 cost for the purchase of an existing building. When a qualified business purchases
26 an existing building and capital expenditures are used to rehabilitate the building,
27 only the costs of the rehabilitation shall be considered qualified capital expenditures.
28 Additionally, a qualified business shall be allowed to increase its qualified capital
29 expenditures to the extent the qualified business's capitalized basis is properly

1 reduced by claiming a federal credit. A qualified business earns the project facility
 2 expense rebate in the qualified business's fiscal year in which the project is placed
 3 in service but the qualified business may not be issued the project facility expense
 4 rebate until the Department of Economic Development signs a project completion
 5 report or such other time as provided for by rule or regulation. ~~The project~~
 6 ~~completion report for the project facility expense rebate shall adhere to the same~~
 7 ~~requirements found in R.S. 51:1787(A)(1)(a)(ii) for the sales and use tax rebate.~~

* * *

9 Section 2. This Act shall become effective on July 1, 2016; if vetoed by the governor
 10 and subsequently approved by the legislature, this Act shall become effective on July 1,
 11 2016, or on the day following such approval by the legislature, whichever is later.

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)]

HB 794 Original

2016 Regular Session

Abramson

Abstract: Provides relative to the Competitive Projects Payroll Incentive Program.

Present law establishes the Competitive Projects Payroll Incentive Program through which businesses may contract with the Dept. of Economic Development for receipt of rebate payments in exchange for the creation of jobs. The contract provides for three different rebates: a rebate based on the amount of new payroll, a sales and use tax rebate for taxes paid, and a rebate equal to a percentage of the amount of certain qualified capital expenditures associated with a facility utilized in the performance of the contract.

Present law entitles a qualified business participating in the program to receive the same benefits authorized through the Enterprise Zone Program.

Proposed law replaces the additional benefits in present law that a qualified business is entitled to receive through the Enterprise Zone Program with a sales and use tax rebate for the purchases of materials used in the construction, addition, or improvement of a building used to house the business or its equipment.

Proposed law modifies the definition of "qualified capital expenditures" relative to capitalized costs of machinery and equipment to specify that the qualifying machinery and equipment are manufacturing machinery and equipment.

Effective July 1, 2016.

(Amends R.S. 51:3121(C)(4))