

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)(3)(a)(ii) and (4), relative to the Competitive Projects  
3 Payroll Incentive Program; to provide for a sales and use tax rebate; to extend the  
4 termination date of the program; to provide for rule promulgation; and to provide for  
5 related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 51:3121(C)(3)(a)(ii) and (4) are hereby amended and reenacted to  
8 read as follows:

9 §3121. Competitive Projects Payroll Incentive Program

10 \* \* \*

11 C. Applications and contract approval and administration.

12 \* \* \*

13 (3)(a)

14 \* \* \*

15 (ii) No new contract shall be approved on or after ~~July 1, 2017~~ July 1, 2018,  
16 but contracts existing on that date may continue and may be renewed.

17 \* \* \*

18 (4)(a) In addition, a qualified business shall be entitled to either the ~~same~~  
19 sales and use tax rebates ~~authorized in R.S. 51:1787~~ for capital expenditures for the  
20 facility or facilities designated in the contract provided for in Subparagraph (b) of

1        this Paragraph, or the project facility expense rebate provided for in Subparagraph  
2        (c) of this Paragraph, ~~if the employer meets the enterprise zone program hiring~~  
3        ~~requirements and all other limitations, procedures, and requirements in R.S. 51:1787.~~

4                (b) ~~Any qualified business which receives a contract pursuant to this Chapter~~  
5        ~~shall also be entitled to a rebate of local sales and use taxes under the same~~  
6        ~~procedures and requirements provided for in R.S. 51:1787 for approval of rebates for~~  
7        ~~the sales and use taxes of political subdivisions and law enforcement districts,~~  
8        ~~including but not limited to the requirement that any such request for a rebate of~~  
9        ~~local sales and use taxes be accompanied by an endorsement resolution approved by~~  
10       ~~the governing authority of the appropriate political subdivision or law enforcement~~  
11       ~~district in whose jurisdiction the qualified business is or will be located. The rebate~~  
12       ~~of sales and use tax imposed by the state and imposed by any political subdivision~~  
13       ~~of the state, upon approval of the governing authority of the appropriate political~~  
14       ~~subdivision, including the office of sheriff in the case of a law enforcement district,~~  
15       ~~on the purchases of the materials used in the construction of a building, or any~~  
16       ~~addition or improvement thereon, for housing any legitimate business enterprise or~~  
17       ~~machinery and equipment used in that enterprise.~~

18                (c) In lieu of the sales and use tax rebate, a qualified business shall be  
19        entitled to a project facility expense rebate equal to one and one-half percent of the  
20        amount of qualified capital expenditures for the facility or facilities designated in the  
21        contract for which an invitation to apply was extended by the secretary before July  
22        1, 2015. With respect to projects for which an invitation to apply is extended by the  
23        secretary on or after July 1, 2015, a qualified business shall be entitled to a project  
24        facility expense rebate equal to one and two-tenths percent of the amount of qualified  
25        capital expenditures for the facility or facilities designated in the contract. For  
26        purposes of this Subparagraph, the term "qualified capital expenditures" means  
27        amounts classified as capital expenditures for federal income tax purposes related to  
28        the project plus exclusions from capitalization provided for in Internal Revenue Code  
29        Section 263 (a)(1)(A) through (L), minus the capitalized cost of land, capitalized

1 leases of land, capitalized interest, capitalized costs of manufacturing machinery and  
 2 equipment to the extent capitalized manufacturing machinery and equipment costs  
 3 are excluded from sales and use tax pursuant to R.S. 47:301(3), and the capitalized  
 4 cost for the purchase of an existing building. When a qualified business purchases  
 5 an existing building and capital expenditures are used to rehabilitate the building,  
 6 only the costs of the rehabilitation shall be considered qualified capital expenditures.  
 7 Additionally, a qualified business shall be allowed to increase its qualified capital  
 8 expenditures to the extent the qualified business's capitalized basis is properly  
 9 reduced by claiming a federal credit. A qualified business earns the project facility  
 10 expense rebate in the qualified business's fiscal year in which the project is placed  
 11 in service but the qualified business may not be issued the project facility expense  
 12 rebate until the Department of Economic Development signs a project completion  
 13 report or such other time as provided for by rule or regulation. ~~The project~~  
 14 ~~completion report for the project facility expense rebate shall adhere to the same~~  
 15 ~~requirements found in R.S. 51:1787(A)(1)(a)(ii) for the sales and use tax rebate.~~

\* \* \*

17 Section 2. This Act shall become effective on July 1, 2016; if vetoed by the governor  
 18 and subsequently approved by the legislature, this Act shall become effective on July 1,  
 19 2016, or on the day following such approval by the legislature, whichever is later.

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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)]

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HB 794 Reengrossed                      2016 Regular Session                      Abramson

**Abstract:** Provides relative to a sales and use tax rebate authorized under Competitive Projects Payroll Incentive Program and extends the termination date of the 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.

Proposed law extends the termination date of the program from July 1, 2017 to July 1, 2018.

Effective July 1, 2016.

(Amends R.S. 51:3121(C)(3)(a)(ii) and (4))

Summary of Amendments Adopted by House

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

1. Change the termination date of the program in present law from July 1, 2017 to July 1, 2018.