DIGEST

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Smith HB No. 668

Abstract: Changes eligibility requirements for enterprise zone contracts for tax credits

Present law establishes the enterprise zone program through which businesses may enter into contracts with the Board of Commerce and Industry (hereinafter "board") to receive tax credits in exchange for the creation of a certain number of jobs which involve employees who meet certain residency and other requirements.

Present law authorizes that jobs for both full-time and part-time work may satisfy the job requirements of an enterprise zone contract.

Proposed law changes present law by deleting part-time jobs from those jobs which may satisfy the requirements of an enterprise zone contract.

Present law provides for conditions under which the board may enter into enterprise zone contracts. These include certifications by the business regarding the employees it is claiming to satisfy the requirements for new jobs under an enterprise zone contract.

Present law requires a business certify that at least 35% of its employees meet any of the following requirements:

(1) Reside in an enterprise zone, an urban enterprise zone, an economic development zone, or the parish in which the business is located.

(2) Were receiving some form of public assistance prior to employment.

(3) Were considered unemployable by traditional standards, or lacking in basic skills.

Proposed law changes present law by limiting the criteria for employees which qualify for satisfaction of contract requirements. If the business is located within an enterprise zone, at least 35% of its employees must meet the following requirements, and if the business is not located in an enterprise zone, at least 50% of its employees must meet the following requirements:

(1) Are residents of an enterprise zone.

(2) Prior to employment they were receiving some form of public assistance.

(3) Prior to employment they were considered unemployable by traditional standards, or were lacking basic skills necessary to gain employment.

(4) Have a felony conviction

Proposed law limits participation in the program for retail businesses which have more than 100 employees nationwide. Such businesses are ineligible for the program unless they are a grocery store or pharmacy and located within an enterprise zone.

Proposed law provides that beginning January 1, 2014, no more than ten percent of the total number of contracts awarded in any calendar year may be awarded to businesses which are not located in an enterprise zone.

Proposed law shall only be applicable to contracts and renewals of contracts executed after the effective date of this Act.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 51:1787(A)(3) and (B)(3); Adds R.S. 51:1787(B)(6) and (7))