HLS 13RS-1116 **ORIGINAL**

Regular Session, 2013

HOUSE BILL NO. 690

BY REPRESENTATIVE BURRELL

TAX CREDITS: Provides with respect to the Urban Revitalization Tax Incentive Program

AN ACT

To amend and reenact R.S. 51:1803(3), (4), and (5)(b), 1805(4), 1806(2) and (3), and 1807(B)(1) through (3) and (C) through (E), and to repeal R.S. 51:1804, relative to tax credits; to provide for the Urban Revitalization Tax Incentive Program; to provide for definitions; to provide requirements for local governing authorities; to provide requirements of businesses seeking tax credits; to provide for effectiveness; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 51:1803(3), (4), and (5)(b), 1805(4), 1806(2) and (3), and 1807(B)(1) through (3), and (C) through (E) are hereby amended and reenacted to read as follows:

§1803. Definitions

For purposes of this Chapter, the following terms shall have the meaning hereinafter ascribed to them, unless the context clearly indicates otherwise:

* * *

(3) "Governing authority" means the governing body of a parish or municipality within which a qualified United States ~~Census Department Division lies~~ census tract is located.

(4) "Qualified United States census tract" ~~or "part of a qualified census tract"~~ means a census tract which has been deemed by a federal agency, the department, and the governing authority in which it is located to be ~~that is~~ in need of revitalization ~~and has been designated by the department and governing authority of the respective parish as being so in need~~ based on a high rate of poverty and a low median household income level.

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(5) "Revitalization zone" means either:

* * *

(b) A qualified United States census tract ~~or a part of a qualified census tract~~ which is adjacent to a HUB Zone.

* * *

§1805. Designation

The department shall designate urban revitalization zones only after receiving notice from the appropriate governing authority that the governing authority agrees to:

* * *

(4) ~~Authorize the department to supersede certain specified~~ Revise or repeal any local regulations and ordinances which may serve to discourage economic development within the revitalization zone.

* * *

§1806. Duties of the department

The department shall administer the provisions of this Chapter and shall have the following powers and duties in addition to those mentioned elsewhere in this Chapter and in other laws of this state:

* * *

(2) To assist the governing authority of an urban revitalization zone in obtaining assistance from the federal government~~, including the suspension of federal regulations within the zone~~.

(3) To assist the governing authority of an urban revitalization zone in obtaining assistance from any other department of state government, including assistance in providing training, technical assistance, and wage subsidies such as those provided through federal job training programs to new and existing businesses and small businesses within an urban revitalization zone.

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§1807. Incentives

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B. The board may enter into ~~the contracts~~ a contract with a business as provided in Subsection A of this Section provided that the business meets all of the following criteria:

(1) The business enterprise and its contractors shall give preference and priority to Louisiana ~~business enterprise~~ businesses and, in the absence of a Louisiana business ~~enterprise~~, to Louisiana suppliers, contractors, and labor, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operational efficiency.

(2) The request for ~~such exemption~~ recognition as a business located in a revitalization zone is accompanied by an endorsement resolution approved by the governing body of the appropriate municipality, parish, port district, or industrial development board in whose jurisdiction the establishment is to be located.

(3) The business is or shall be located within the boundaries of ~~an urban~~ a revitalization zone.

* * *

C. The board, after consultation with the secretaries of the Department of Economic Development and the Department of Revenue and with the approval of the governor, may enter into contracts to provide for a five thousand dollar tax credit per net new employee as determined by the company's average annual employment reported under the Louisiana Employment Security Law. A tax credit may only be awarded if the business has no outstanding tax liability to the state or any local taxing authority. This tax credit may be applied to any state income tax liability or any state franchise tax liability and shall be used for the taxable year in which the increase in average annual employment occurred. However, if the entire credit cannot be used in the year earned, the excess of the credit over the aggregate tax liabilities against which the credit can be applied shall constitute an overpayment, as defined in R.S. 47:1621(A), and the secretary shall make a refund of such

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overpayment from the current collections of the taxes imposed by Chapter 1 and Chapter 5 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, as amended. The right to a refund of any such overpayment shall not be subject to the requirement of R.S. 47:1621(B).

D. The department, in cooperation with the Louisiana Workforce Commission, may enter into agreements with employers located in urban revitalization zones under which the employers may receive Workforce Investment Act funds~~, to the extent that these funds are received from the federal government~~ for specialized training programs.

E. Notwithstanding any provision of this Chapter or other law to the contrary, the incentives provided by this Section shall be in lieu of any incentives under the Enterprise Zone Program or the Quality Jobs Program.

Section 2. R.S. 51:1804 is hereby repealed in its entirety.

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)]

Burrell HB No. 690

Abstract: Limits the participation in the Urban Revitalization Tax Incentive Program to businesses located within a federally designated HUB Zone.

Present law establishes a program for the purpose of stimulating business and industrial development in depressed areas of the state by providing tax credits to businesses in those areas.

Present law provides definitions for "qualified census tract" and "revitalization zone".

Proposed law retains present law but changes the definitions of "qualified census tract" and "revitalization zone".

Present law requires the Dept. of Economic Development (hereinafter department) to establish criteria for the qualifications of an area as an urban revitalization zone by using data related to unemployment, per capita income, and number of residents receiving public assistance.

Proposed law repeals present law with respect to qualification criteria being determined by the department.

Proposed law requires the department to designate an area as an urban revitalization zone if the governing authority in which the zone is located has agreed to do the following:

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(1) Implement a program to provide police protection in the zone.

(2) Prioritize the use of federal funds applicable to activities located within the zone.

(3) Assist the department in certification of employer eligibility.

(4) Authorize the department to supersede local regulations that could discourage economic development in the zone.

(5) Assist the department in evaluating the progress in the zone.

Proposed law retains present law but places the duty to effect change in local regulations that could discourage economic development with the local governing authority rather than the department.

Present law requires that the department administer the program and assist local governing authorities in obtaining assistance from the federal government and other state departments for purposes of the program. Further, powers and duties of the department include preparation of an annual report evaluating the effectiveness of the program, promulgation of rules and regulations, and notification of legislators regarding revitalization zones located within their districts.

Present law authorizes the State Board of Commerce and Industry (hereinafter "board") to enter into year year contracts to provide a $5,000 tax credit per new net employee which may be taken against state income and corporation franchise taxes. A business qualifies for a contract if the following conditions are met:

(1) Where possible, the business gives preference to other La. businesses in its contracting.

(2) The business' participation in the program is endorsed by the governing body of the political subdivision in whose jurisdiction the business is located.

(3) The business is or shall be located within the boundaries of a revitalization zone.

(4) The business located in an urban revitalization zone and receiving the benefits under the program certifies that at least 35% of its employees:

(a) Are residents of the same or a contiguous revitalization zone as the location of the business.

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

(c) Were considered unemployable by traditional standards.

(d) Any combination of the above. Such certification must be updated annually if the business is to continue receiving the benefits of the program.

Proposed law retains present law.

(Amends R.S. 51:1803(3), (4), and (5)(b), 1805(4), 1806(2) and (3), and 1807(B)(1)-(3) and (C)-(E); Repeals R.S. 51:1804))

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