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## DIGEST

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Garofalo

HB No. 708

**Abstract:** Specifies the type of capitalized costs of manufacturing machinery and equipment included within the definition of "qualified capital expenditures" for purposes of the project facility expense rebate under the Competitive Projects Payroll Incentive Program.

Present law establishes the Competitive Projects Payroll Incentive Program through which businesses 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 payment based on the amount of new payroll, a payment rebating certain sales and use taxes paid, and a payment equal to 1.5% of the amount of certain qualified capital expenditures associated with a facility that is utilized in the performance of the contract.

Present law, for purposes of the 1.5% project facility expense rebate, defines "qualified capital expenditures" as those amounts classified as capital expenditures for federal income tax purposes related to the project, plus exclusions from capitalization provided for in Internal Revenue Code Section 263 (a)(1)(A) through (L), minus the capitalized cost of land, capitalized leases of land, capitalized interest, capitalized costs of machinery and equipment, and the capitalized cost for the purchase of an existing building.

Proposed law retains present law for the definition of "qualified capital expenditures", but specifies that the cost of manufacturing machinery and equipment which was excluded from sales and use tax shall also be excluded from the calculation of the amount of qualified capital expenditures eligible for rebate.

Effective July 1, 2014.

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