

2015 Regular Session

HOUSE BILL NO. 229

BY REPRESENTATIVE RITCHIE

TAX/INCOME-CREDIT: Provides eligibility requirements for participation in the Enterprise Zone Program

1 AN ACT

2 To amend and reenact R.S. 51:1787(B), relative to incentives for businesses; to provide with  
3 respect to the Enterprise Zone Program; to provide for certain eligibility  
4 requirements; to provide for applicability; to provide for effectiveness; and to  
5 provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 51:1787(B) is hereby amended and reenacted to read as follows:

8 §1787. Incentives

9 \* \* \*

10 B. The board may enter into the contracts provided in Subsection A of this  
11 Section provided that:

12 (1)(a) The business is located within an enterprise zone.

13 (b) The business is not within one of the following excluded industries  
14 identified by the following respective North American Industry Classification Codes  
15 ("NAICS"):

16 (i) Construction, NAICS Codes beginning with 23.

17 (ii) Hotel, NAICS Codes beginning with 72.

18 (iii) Medical and health care, NAICS Codes beginning with 62.

19 (iv) Real estate, NAICS Codes beginning with 53.

1           (v) Restaurant, NAICS Codes beginning with 72.

2           (vi) Retail, NAICS Codes beginning with 44 or 45, with the exception of  
3           retail businesses authorized to participate in the program under the provisions of  
4           Subparagraph (b) of Paragraph (4) of this Subsection.

5           (2) The business and its contractors give preference and priority to Louisiana  
6           manufacturers and, in the absence of Louisiana manufacturers, to Louisiana  
7           suppliers, contractors, and labor, except where not reasonably possible to do so  
8           without added expense, substantial inconvenience, or sacrifice in operational  
9           efficiency.

10          ~~(2)(a)~~(3)(a) The request for such a rebate of sales and use tax is accompanied  
11          by an endorsement resolution approved by the governing body of the appropriate  
12          municipality, parish, port district, industrial development board, or other political  
13          subdivision or the written approval of the office of sheriff in the case of a law  
14          enforcement district, in whose jurisdiction the establishment is to be located. The  
15          endorsement resolution or letter of approval is to be submitted by the governing body  
16          or sheriff's office within ninety days of receipt of notification that the department has  
17          received an advance notification to file an application for benefits under this Chapter.  
18          The department shall notify the appropriate local governing body or sheriff's office  
19          of receipt of the application by certified mail.

20          (b) If the governing body of the appropriate jurisdiction has not submitted  
21          an endorsement resolution, written reasons for denial, or a written request for delay  
22          of consideration of the application, the board may take unilateral action, for the  
23          rebate of sales and use taxes imposed by the state only, in approving or denying the  
24          request.

25          (c) If there are no local sales and use taxes that can be rebated, as in the  
26          event that all such taxes are dedicated, no endorsement resolution shall be required  
27          of a local governing authority before the board considers its application for benefits  
28          under this Chapter.

1                   ~~(3)(a)~~(4)(a) The business certifies that at least fifty percent of its employees  
2 meet at least one of the following qualifications:

3                   (i) Are residents of either:

4                   (aa) Any enterprise zone in Louisiana, for a business located in an urban  
5 enterprise zone or a business not located in either an enterprise zone or an economic  
6 development zone.

7                   (bb) The same parish as the location of the business, or any enterprise zone  
8 in Louisiana, for a business located in a rural enterprise zone, an economic  
9 development zone, or an enterprise zone in Calcasieu Parish.

10                  (ii) Were receiving some form of public assistance during the six-month  
11 period prior to employment.

12                  (iii) Were considered unemployable by traditional standards, or lacking in  
13 basic skills.

14                  (b) In addition to the requirements of Subparagraph (a) of this Paragraph,  
15 eligibility for a retail business which is assigned a North American Industry  
16 Classification Code of 44 or 45 and has more than one hundred employees  
17 nationwide including affiliates prior to the contract effective date shall be limited to  
18 grocery stores and pharmacies located in an enterprise zone, as such terms are  
19 defined by the department by rules promulgated in accordance with the  
20 Administrative Procedure Act.

21                  (c) The certifications required by Subparagraph (a) of this Paragraph shall  
22 be updated annually if the business is to continue receiving the benefits of this  
23 Chapter.

24                  ~~(4)(a)~~(5)(a) The business makes its request for rebate of sales and use tax or  
25 the tax credit either:

26                  (i) Prior to beginning construction of its building, or any addition or  
27 improvement thereon,

28                  (ii) Prior to installation of the machinery or equipment to be used in the  
29 enterprise zone, or

1 (iii) Prior to beginning use of customer-owned tooling used in a compression  
2 molding process.

3 (b) At any time subsequent to the deadlines established in Items (i), (ii), and  
4 (iii) of Subparagraph (a), if the board determines that the business was unable, due  
5 to good cause, to file the request within the time frame provided, the board may  
6 consider a late request, but the business shall have the burden to establish good  
7 cause.

8 ~~(5)(a)~~(6)(a) Except as provided in Subparagraph (b) of this Paragraph, the  
9 business creates a minimum of the lesser of five net new permanent jobs to be in  
10 place within the first two years of the contract period, or the number of net new jobs  
11 equal to a minimum of ten percent of the existing employees, minimum of one,  
12 within the first year of the contract period.

13 (b) A business which has an estimated construction period for its building  
14 greater than two years may, for good cause shown, obtain an extension of not more  
15 than two years to comply with the requirements of Subparagraph (a) of this  
16 Paragraph.

17 (c) Provided the business entering the contract provided in Subsection A of  
18 this Section is a nonprofit organization organized to finance the development and  
19 construction of buildings and infrastructure to serve a public institution of higher  
20 education, the new permanent jobs required in Subparagraph (B)(6)(a) of this Section  
21 may be created by the public institution of higher education.

22 (d) The provisions of this Section shall be applicable to all contracts entered  
23 into under the provisions of Subsection A ~~after January 1, 2002~~ on or after July 1,  
24 2015.

25 \* \* \*

26 Section 2. This Act shall become effective on July 1, 2015.

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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 229 Original

2015 Regular Session

Ritchie

**Abstract:** Changes eligibility requirements for businesses to enter into enterprise zone contracts to receive sales tax rebates and income tax credits.

Present law establishes the Enterprise Zone Program through which businesses may enter into contracts with the Board of Commerce and Industry to receive income tax credits or sales and use tax rebate payments in exchange for the creation of a certain number of jobs which employ persons who meet certain residency and eligibility requirements.

Proposed law changes present law for contracts executed on or after July 1, 2015, by adding a requirement that the business be located in an enterprise zone to be eligible for program participation and adds a prohibition on program participation for the following industries, which are identified by North American Industry Classification Codes (NAICS):

- (1) Construction, NAICS Codes beginning with 23.
- (2) Hotel, NAICS Codes beginning with 72.
- (3) Medical and health care, NAICS Codes beginning with 62.
- (4) Real estate, NAICS Codes beginning with 53.
- (5) Restaurant, NAICS Codes beginning with 72.
- (6) Retail, NAICS Codes beginning with 44 or 45, except those retail businesses specifically authorized to participate in the program pursuant to present law.

Effective July 1, 2015.

(Amends R.S. 51:1787(B))