2015 Regular Session

HOUSE BILL NO. 635

BY REPRESENTATIVE JACKSON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX/TAX REBATES: Reduces all tax rebates

1	AN ACT
2	To amend and reenact R.S. 51:1787(A)(1)(a)(ii), 2455(A), 3114(B), and 3121(C)(3)(b)(i)
3	and $(C)(4)(c)$ and to enact R.S. 51:2367(E), relative to rebates; to reduce the amount
4	of rebates; to provide for an effective date; and to provide for related matters.
5	Be it enacted by the Legislature of Louisiana:
6	Section 1. R.S. 51:1787(A)(1)(a)(ii), 2455(A), 3114(B), and 3121(C)(3)(b)(i) and
7	(C)(4)(c) are hereby amended and reenacted and R.S. 51:2367(E) is hereby enacted to read
8	as follows:
9	§1787. Incentives
10	A. The board, after consultation with the secretaries of the Department of
11	Economic Development and Department of Revenue, and with the approval of the
12	governor, may enter into contracts not to exceed five years to provide:
13	(1) For either:
14	(a)(i) The rebate of sales and use tax imposed by the state and imposed by
15	its political subdivisions upon approval of the governing authority of the appropriate
16	municipality or the appropriate parish where applicable, or both, and of the
17	governing authority of any other political subdivision, including the office of sheriff
18	in the case of a law enforcement district, for the following:
19	* * *

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(ii) Final application for the payment of any rebate of sales and use taxes
granted pursuant to this Subsection shall be filed no later than six months after the
Department of Economic Development signs a project completion report and sends
it to the Department of Revenue, the political subdivision, and the business, or no
later than thirty days after the end of the calendar year in the case of customer-owned
tooling used in a compression molding process. The project completion report
cannot be signed until the project is complete and the contract has been approved by
the board and the governor. The amount to be rebated shall in no case be greater
than the total of the actual amount of the sales and use taxes paid. For contracts
entered into on or after July 1, 2015, pursuant to this Section, the amount rebated
shall in no case be greater than eighty percent of the total of the actual amount of the
sales and use taxes paid.
* * *
§2367. Louisiana Mega-Project Energy Assistance Rebate
* * *
E. For cooperative endeavors entered into on or after July 1, 2015, pursuant
to this Section, the rebate granted to a mega-project shall not exceed eighty percent
of Louisiana severance taxes that were paid to the state on any natural gas consumed
or used directly in the operation of the mega-project facility or consumed indirectly
in the manufacture or creation of energy sold to the mega-project facility for its
operation, as determined in Paragraph (C)(1) of this Section.
* * *
§2455. Incentive rebates
A. (1) An employer who has entered into a contract may receive a rebate for
the taxable periods specified in the contract entered into pursuant to the provisions
of this Chapter in an amount which shall be equal to the benefit rate as defined in
R.S. 51:2453(1), multiplied by the gross payroll, as defined in R.S. 51:2453(3), of
new direct jobs as defined in R.S. 51:2453(4), for the taxable period as verified by
the Department of Economic Development through the use of information provided

1	to it by the Louisiana Workforce Commission. In no instance shall a rebate be
2	determined by multiplying the value of the health care benefits by the benefit rate.
3	(2) For contracts entered into on or after July 1, 2015, pursuant to this
4	Section, no rebate shall exceed the amount of the benefit rate as defined in R.S.
5	51:2453(1), multiplied by eighty percent of the gross payroll, as defined in R.S.
6	51:2453(3), of new direct jobs as defined in R.S. 51:2453(4), for the taxable period
7	as verified by the Department of Economic Development through the use of
8	information provided to it by the Louisiana Workforce Commission. In no instance
9	shall a rebate be determined by multiplying the value of the health care benefits by
10	the benefit rate.
11	* * *
12	§3114. Contract administration; rebate
13	* * *
14	B.(1) The For contracts entered into prior to July 1, 2015, the contract shall
15	provide a rebate to the qualified business of twenty-five percent of relocation costs
16	and shall include the following provisions:
17	(1) (a) The maximum amount of qualifying relocation costs.
18	(2) (b) The number of headquarters jobs and associated payroll to be created
19	and maintained and any other performance obligations deemed appropriate by the
20	secretary.
21	(3) (c) The reduction of annual rebate payments if performance obligations
22	are not met.
23	(2) For contracts entered into after July 1, 2015, the contract shall provide
24	a rebate to the qualified business of twenty percent of relocation costs and shall
25	include the following provisions:
26	(a) The maximum amount of qualifying relocation costs.
27	(b) The number of headquarters jobs and associated payroll to be created and
28	maintained and any other performance obligations deemed appropriate by the
29	secretary.

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1	(c) The reduction of annual rebate payments if performance obligations are
2	not met.
3	* * *
4	§3121. Competitive Projects Payroll Incentive Program
5	* * *
6	C. Applications and contract approval and administration. (1) At the
7	invitation of the secretary, a business may apply for a contract by submitting to the
8	department such certified statements and substantiating documents as the department
9	may require.
10	* * *
11	(3)(a)
12	* * *
13	(b) The contract shall provide for a rebate to the qualified business based
14	upon new payroll and shall include the following provisions:
15	(i) The percentage of new payroll eligible for rebate, up to a maximum of
16	fifteen percent. For contracts entered into on or after July 1, 2015, pursuant to this
17	Section, the percentage of new payroll eligible for rebate shall not exceed twelve
18	percent.
19	* * *
20	(4)
21	* * *
22	(c) In lieu of the sales and use tax rebate, a qualified business shall be
23	entitled to a project facility expense rebate equal to one and one-half percent of the
24	amount of qualified capital expenditures for the facility or facilities designated in the
25	contract entered into before July 1, 2015. For contracts entered into on or after July
26	1, 2015, a qualified business shall be entitled to a project facility expense rebate
27	equal to one and two-tenths percent of the amount of qualified capital expenditures
28	for the facility or facilities designated in the contract. For purposes of this
29	Subparagraph, the term "qualified capital expenditures" means amounts classified

1	as capital expenditures for federal income tax purposes related to the project plus
2	exclusions from capitalization provided for in Internal Revenue Code Section 263
3	(a)(1)(A) through (L), minus the capitalized cost of land, capitalized leases of land,
4	capitalized interest, capitalized costs of machinery and equipment to the extent
5	capitalized manufacturing machinery and equipment costs are excluded from sales
6	and use tax pursuant to R.S. 47:301(3), and the capitalized cost for the purchase of
7	an existing building. When a qualified business purchases an existing building and
8	capital expenditures are used to rehabilitate the building, only the costs of the
9	rehabilitation shall be considered qualified capital expenditures. Additionally, a
10	qualified business shall be allowed to increase its qualified capital expenditures to
11	the extent the qualified business's capitalized basis is properly reduced by claiming
12	a federal credit. A qualified business earns the project facility expense rebate in the
13	qualified business's fiscal year in which the project is placed in service but the
14	qualified business may not be issued the project facility expense rebate until the
15	Department of Economic Development signs a project completion report or such
16	other time as provided for by rule or regulation. The project completion report for
17	the project facility expense rebate shall adhere to the same requirements found in
18	R.S. 51:1787(A)(1)(a)(ii) for the sales and use tax rebate.
19	* * *
20	Section 2. This Act shall become effective on July 1, 2015; if vetoed by the governor
21	and subsequently approved by the Legislature, this Act shall become effective on July 1,
22	2015, or on the day following such approval, whichever is later.

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)]

HB 635 Engrossed2015 Regular SessionJackson

Abstract: Reduces the amount of certain rebates by 20%.

<u>Present law</u> establishes the Enterprise Zone Program which provides for tax credits and rebates for eligible businesses based on numbers of jobs, and provides for specific eligibility criteria with respect to employees for jobs that are eligible for program benefits.

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<u>Proposed law</u> retains <u>present law</u> but prohibits the rebate amount provided for in the contract from exceeding 80% of the total of the actual amount of the sales and use taxes paid for contracts entered into on or after July 1, 2015.

<u>Present law</u> authorizes the secretary of the Dept. of Economic Development to grant a La. Mega Project Energy Assistance Rebate of severance taxes paid on natural gas consumed or used directly in the operation of the mega-project facility or consumed indirectly in the manufacture or creation of energy sold to the mega-project facility for its operation.

<u>Proposed law</u> retains <u>present law</u> but reduces the amount of the rebate <u>from 100% to 80%</u> of La. severance taxes that were paid to the state for cooperative endeavor agreements entered into or after July 1, 2015.

<u>Present law</u> creates the Corporate Headquarters Relocation Program which grants to a "qualified business" a contract to receive a relocation rebate of 25% of "relocation costs" to relocate or expand its "headquarters" in La.

<u>Proposed law</u> retains <u>present law</u> but reduces the amount of the rebate <u>from</u> 25% to 20% of "relocation costs" for contracts entered into after July 1, 2015.

<u>Present law</u> establishes the Competitive Projects Payroll Incentive Program through which businesses can 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 sales and use taxes rebate for taxes paid, and a payment equal to 1.5% of the amount of certain qualified capital expenditures associated with a facility utilized in the performance of the contract.

<u>Proposed law</u> retains present law but reduces the amount of the rebate from 1.5% to 1.2% of certain qualified capital expenditures. Further reduces the amount of the credit from a maximum of 15% to 12% of new payroll.

Effective July 1, 2015.

(Amends R.S. 51:1787(A)(1)(a)(ii), 2455(A), 3114(B), and 3121(C)(3)(b)(i) and (C)(4)(c); Adds R.S. 51:2367(E))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by <u>House Committee on Ways and Means</u> to the <u>original</u> bill:

1. Delete the provisions relative to the rebate for donations to school tuition organizations as provided and the provisions relative to the rebate for state sales and use tax for certain procurement processing companies.