

GREEN SHEET REDIGEST

HB 507

2025 Regular Session

Emerson

ECONOMIC DEVELOPMENT: Establishes the High Impact Job Program within Louisiana Economic Development and provides for administration of the program.

DIGEST

Proposed law establishes the program within LED and provides for administration. Allows the secretary of LED to grant any of the following incentives pursuant to the program to companies authorized to do business in La.

- (1) A reimbursable grant of a percentage of annualized wages paid for qualifying jobs, not to exceed \$2000 per year, per job, based upon the parish average wage paid where the project site identified on the company's application is located at the time the incentive contract is executed, subject to the following conditions:
 - (a) 8% for a project located in a distressed area with wages equal to or greater than 110% but less than 125% of the lesser of the parish average wage or the regional average wage.
 - (b) 18% for a project located in a parish with wages equal to or greater than one hundred and twenty-five percent but less than 150% of the parish average wage.
 - (c) 22% for a project located in a parish with wages equal to or greater than 150% of the parish average wage.
- (2) A reimbursable grant to retain highly skilled workers with advanced degrees, as approved by the secretary in accordance with program rules.

Proposed law defines "wage" as compensation of an employee based on time worked or output of production but does not include benefits or overtime compensation. Further defines "job" to mean a position of employment that meets all of the following criteria:

- (1) Did not exist in the state for that employer prior to the effective date of the incentive contract entered into pursuant to the provisions of proposed law.
- (2) Are for full-time, at-will employees. Does not include seasonal or temporary positions.
- (3) Are directly employed by the company or a named subsidiary in the contract.
- (4) Are filled onsite or remotely by Louisiana employees of the company or a named subsidiary in the contract.
- (5) Include a basic health benefits plan.
- (6) Is approved by the secretary.

Further defines "parish average wage" to mean the average wage in a parish as determined annually by the U.S. Dept. of Labor, Bureau of Labor Statistics, or its successor agency. Defines "regional average wage" to mean the average wage within the geographic boundaries of the regional economic development organization in which the project is located, as calculated by LED and posted on its website.

Proposed law authorizes a company that meets either of the following minimum criteria to participate in the program if it is approved for participation by the secretary of LED:

- (1) (a) If the project is located in a distressed area and the company will pay wages on new jobs created equal to or greater than 110% of the lesser of the parish average wage or the regional average wage.
 - (b) If the project is located outside a distressed area and the company will pay wages on new jobs created equal to or greater than 125% of the parish average wage.
- (2) Retains highly skilled workers with advanced degrees.

Further excludes companies primarily engaged in the following sectors from participation in the program:

- (1) Gaming.
- (2) Retail sales.
- (3) Professional sports teams.
- (4) State or political subdivision enterprises.
- (5) Automotive rental and leasing.
- (6) Local solid waste disposal.
- (7) Local Sewage systems.
- (8) Local water systems.

Proposed law authorizes LED to promulgate rules listing other professions or industries that are eligible or ineligible for program participation.

Proposed law requires LED to establish an application process and an application fee pursuant to present law (R.S. 35:104). Requires LED staff to review an application and any other information the secretary deems appropriate for a determination of the project's eligibility for participation. Authorizes the secretary to execute a contract with an applicant pursuant to proposed law if LED staff determines that the applicant is eligible, funding is available, and that a grant to the applicant would be in the best interest of the state. Requires the initial contract pursuant to proposed law to be for a three-year term and authorizes a single two-year extension if the applicant has not breached the terms of the contract.

Proposed law authorizes a grant recipient to make a request for reimbursement by submitting an expenditure verification report to LED detailing qualifying expenditures. Authorizes submission either annually or at the end of the initial and renewed contract periods, as applicable. Requires LED to issue a written basis for denial of any reimbursement request.

Proposed law prohibits a participating company from receiving any other incentive administered by LED for any expenditure or job for which the participating company received a grant pursuant to proposed law nor can the company be receiving a benefit from the La. Quality Jobs Program established pursuant to present law.

Authorizes the secretary to promulgate rules in accordance with the Administrative Procedure Act to carry out the provisions of proposed law. Requires such rules promulgated to be approved by the Joint Legislative Committee on the Budget.

Proposed law prohibits the awarding of incentives pursuant to proposed law on or after July 1, 2035.

Proposed law establishes the High Impact Jobs Fund ("fund") in the treasury as a special fund and provides for the use, investment, and administration of monies in the fund. Requires monies in the fund to be appropriated to LED for awarding incentives pursuant to proposed law.

Effective July 1, 2026.

(Adds R.S. 51:2771)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Commerce to the original bill:

1. Make technical changes.
2. Clarify the definition of "wages".
3. Add that the 8% reimbursable grant for distressed areas is contained at less than 125% of the parish average wage.
4. Clarify that requirements are the minimum requirements for approval by the secretary.
5. Clarify that a company may be eligible for participation in the program if it pays wages on new jobs created equal to or greater than 110% of the parish average in a distressed area or 125% if located outside of a distressed area.
7. Change "employs" to "retains" in regards to highly skilled workers with advanced degrees.
8. Remove construction companies as ineligible from the program.
9. Add that a company does not qualify if it is participating in a current quality job contract.
10. Add that the franchise tax shall also be included in the one billion dollar threshold before the distribution by the treasurer for the fund.
11. Clarify that the amount to be put towards the fund shall be calculated on the total amount of corporate and franchise taxes collected.

The Committee Amendments Proposed by House Committee on Appropriations to the engrossed bill:

1. Modify definition of "basic health benefits plan" to allow the secretary of LED to establish certain criteria by rule.
2. Add definition of "regional average wage".
3. Authorize award of grants to projects in distressed areas with wages equal to or greater than 110% but less than 120% of the regional average wage.
4. Add eligibility criteria for companies based on their location and their payroll versus the regional average wage.
5. Refine language regarding deposits into the fund.
6. Add language including corporate franchise tax collections in calculation of deposits into the fund for any fiscal year in which these taxes are collected.
7. Make technical changes.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the re-engrossed bill

1. Remove rule promulgation requirements from oversight of House Ways and Means and Senate Revenue and Fiscal Affairs to approval by the Joint Legislative Committee on the Budget.
2. Remove corporate tax collections as source of monies deposited into the fund.
3. Change the effective date of the bill to July 1, 2026.
4. Make technical changes.