SENATE COMMITTEE AMENDMENTS

Amendments proposed by Senate Committee on Revenue and Fiscal Affairs to Reengrossed House Bill No. 629 by Representative Ellington

AMENDMENT NO. 1

On page 1, line 2, after "enact" delete the remainder of the line and delete lines 3 through 9, and insert the following:

"Chapter 20 of Title 51 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 51:1771 through 1773, relative to tax credits and rebates; to provide for a rebate of state sales tax collected from purchasing companies to the procurement processing company that manages them; and to provide for related matters."

AMENDMENT NO. 2

On page 1, line 11, after "Section 1." delete the remainder of the line and insert "Chapter 20 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:1771 through 1773, is hereby enacted to read as follows:

AMENDMENT NO. 3

On page 1, delete lines 12 through 18, and delete pages 2 through 12, and insert the following:

"§1771. Intent

It is the intention of the Legislature that the incentive created by this Chapter shall be used solely to induce procurement processing companies to locate in Louisiana, which will result in significant new sales tax revenue generated for the state, thereby creating high-salary professional jobs, and providing access for the state to Fortune 500 companies.

§1772. Definitions

For purposes of this Chapter, the following terms have the following meaning:

(1) "Affiliated entity" means a person who directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with another person.

(2) "New taxable sales" means the sale of goods and services upon which tax is paid under Title 47 of the Louisiana Revised Statutes of 1950 and which occur in the state as a result of the operation in the state of a procurement processing company.

(3) "Procurement processing company" means a company engaged in managing the activities of unrelated purchasing companies.

(4) "Purchasing company" means a company engaged in the activity of facilitating the purchases of goods and services for affiliated entities.

1773. Incentive Authorized

Notwithstanding any other provisions in this Title, the secretary of the Department of Economic Development is hereby authorized to enter into a contract with procurement processing companies who locate business operations in the state of Louisiana and who manage purchasing companies that pay Louisiana state sales tax legally due under Title 47 of the Louisiana Revised Statutes of 1950, provided that the contract is determined by the Governor to be in the best interest of the State and meets the requirements of this Section.

(1) A contract entered into under this Section may not exceed an initial term of twenty years.

(2) A contract entered into under this Section shall include as an incentive a rebate of state sales taxes paid by the purchasing companies that are managed by a procurement processing company which locates its operations in Louisiana. The

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rebates shall be paid the month following the month of remittance to the state as follows:

(a) When the purchasing companies generate new taxable sales during the term of the contract, the state shall pay a rebate of forty (40) percent of the Louisiana state sales taxes paid by the purchasing companies to the procurement processing company

(b) When the purchasing companies generate new taxable sales that equal or exceed $2 billion dollars during the term of the contract, the rebate provided for in this Section shall be increased to fifty (50) percent.

(c) The rebate provided for in this Section may be increased in excess of fifty percent if the secretary of the Department of Economic Development recommends to the Governor that a contract be entered into which provides for rebates in excess of such percentage, provided that the purchasing companies managed by a procurement processing company will generate more than $4 billion in new taxable sales in the state during the term of the contract. A contract permitted by this Subparagraph shall be approved by the Joint Legislative Committee on the Budget.

(3) To verify the amount of new taxable sales occurring in Louisiana for purposes of the rebate provided for in this Section, a procurement processing company shall engage a licensed certified public accountant to perform a monthly accounting of the activities of the purchasing companies, which shall be submitted to the secretary of the Department of Revenue on a form prescribed by the secretary.

(a) The report shall detail all sales activity of the purchasing companies for the immediately preceding month.

(b) The report shall be due to the secretary no later than the twentieth day of the month immediately following the month of the sales activity.

(c) The report shall be prepared in accordance with auditing standards generally accepted in the United States.

(d) The report shall be signed by the certified public accountant that prepared it and include his name, address and telephone number.

(e) All fees associated with the engagement of the certified public accountant shall be borne by the procurement processing company.

(f) No rebate shall be paid unless the monthly forms are filed.

(4)The secretary of the Department of Revenue, upon receipt of the report from the certified public accountant shall remit to the proper party the rebate within thirty (30) days out of the current state sales tax collections.

(5) If a rebate paid under this Section, is subsequently determined to have been paid in error, any remaining rebates shall be reduced by the amount of the rebate paid in error. Also, if a rebate is paid based upon a tax amount later determined to be paid in error, the amount of the tax refund shall be reduced by the amount of the rebate paid. Any company that receives a rebate under this Section shall be subject to all the reporting, audit and enforcement provisions found in Title 47 of the Louisiana Revised Statutes of 1950.

(6) The secretary of the Department of Revenue shall be required to maintain records, documents, lists, and any other information necessary to identify recipients of rebates under this Section. The secretary of the Department of Revenue shall also promulgate rules and regulations as may be deemed necessary to carry out the purposes of this Section.

(7) A taxpayer shall not receive any other incentive administered by the Department of Economic Development for any expenditure for which the taxpayer has received a tax credit or tax rebate pursuant to this Section."

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