(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

TAX CREDITS. Creates the La. Entrepreneurial Assistance and Development (LEAD) Program for tax credits for venture capital investments.

DIGEST

Proposed law authorizes the secretary of the Department of Economic Development to enter into a contract with an initial term of up to 20 years with "procurement processing companies" which locate business operations in the state and are engaged in managing the activities of "unrelated" "purchasing companies" that pay state sales tax, provided that the contract is determined by the Governor to be in the best interest of the state.

"Purchasing company" is defined as a company engaged in the activity of facilitating the purchases of goods and services for "affiliated entities", defined as a "person" who directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with another person.

When the purchasing companies generate "new taxable sales" during the term of the contract, the rebate is 40% of the state sales taxes paid by the purchasing companies. If the "new taxable sales" equal or exceed $2 billion dollars during the term of the contract, the rebate is increased to 50%. The rebate may be increased in excess of 50% on the recommendation of the secretary of DED if 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. This contract must be approved by the Joint Legislative Committee on the Budget.

"New taxable sales" is defined as the sale of goods and services upon which tax is paid "under Title 47" and which occur in the state as a result of the operation in the state of the "procurement processing company".

Proposed law requires the procurement processing company to engage a licensed CPA to perform a monthly accounting of the activities of the purchasing companies, which it submits to the secretary of the Department of Revenue on a form prescribed by the secretary, which details all sales activity of the purchasing companies for the immediately preceding month and is submitted no later than the 20th day of the month immediately following the month of the sales activity. The secretary must remit the rebate within 30 days of the receipt of the report.

Proposed law requires the reduction of rebates due by the amount of rebates paid in error.

Proposed law requires the secretary of the Department of Revenue to maintain information necessary to identify recipients of rebates and to promulgate rules and regulations as may be deemed necessary to carry out the purposes of the proposed law.

Proposed law prohibits the taxpayer from receiving any other incentive administered by DED for any expenditure for which the taxpayer has received a rebate under the proposed law.

(Adds R.S. 51:1771-1773)

Summary of Amendments Adopted by House

House Floor Amendments to the engrossed bill.

1. Added requirement that the Dept. of Economic Development report to the Joint Legislative Committee on the Budget each January and July regarding LEAD

funds which have been issued certification or refused certification within the preceding six months.

2. Added requirement that each LEAD fund report each January to the House Committee on Ways and Means and Senate Committee on Revenue and Fiscal Affairs regarding their investments made in the preceding year.

3. Deleted the $7,500 application fee.

4. Added requirement that each applicant that receives an allocation of eligible capital shall be responsible for up to $15,000 of the cost incurred by the Dept. of Economic Development associated with administering the program.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill.

1. Totally changes the proposed law from establishing the La. Entrepreneurial Assistance and Development Program for tax credits against insurance premium tax for venture capital investors to a sales tax rebate program for "procurement processing companies" which locate business operations in the state and are engaged in managing the activities of "unrelated" "purchasing companies.