

GREEN SHEET REDIGEST

HB 635

2015 Regular Session

Jackson

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

TAX/TAX REBATES: Reduces all tax rebates

DIGEST

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

Present law 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.

Proposed law retains present law but, with respect to those projects for which the secretary makes a determination on or after July 1, 2015, that the consumption of energy will be a major cost component of the operation of the project, reduces the amount of the rebate from 100% to 80% of La. severance taxes that were paid to the state.

Present law provides for the Quality Jobs Program, which program authorizes the granting of contracts by the Board of Commerce and Industry to businesses for the purposes of providing rebates and tax credits for the achievement of certain performance by the business. The term of the contract is five years. Authorizes a rebate equal to the benefit rate as defined in present law multiplied by the gross payroll of new direct jobs.

Proposed law retains present law but, with respect to projects for which an advance notice was filed on or after July 1, 2015, reduces the rebate to an amount not to exceed the amount of the benefit rate multiplied by 80% of the gross payroll of new direct jobs.

Present law 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.

Proposed law retains present law but, with respect to those projects for which an advance notification was filed on or after July 1, 2015, reduces the amount of the rebate from 25% to 20% of "relocation costs".

Present law 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.

Proposed law retains present law but, with respect to those projects for which an invitation to apply is extended by the secretary on or after July 1, 2015, 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.

Present law provides deadlines for applying for incentive tax credits or rebates under present law. Provides that on and after Jan. 1, 2018, no new applications shall be approved by the Dept. of Economic Development. Provides, however, an employer that, prior to Jan. 1, 2018, has been approved by the dept. to receive incentive tax credits or rebates under the program shall continue to receive tax credits or rebates pursuant to the terms of its agreement with the state as long as the employer retains its eligibility.

Proposed law retains present law.

Proposed law provides that Advance Notifications timely filed prior to July 1, 2015, shall not expire, provided the project began during the effective date of the Advance Notification. Specifies that the Advanced Notification shall be valid until the project is complete. Further specifies that Advance Notifications filed prior to July 1, 2015, shall satisfy any procedural requirements for the filing of an Advance Notification under the provisions of present law.

Effective July 1, 2015.

(Amends R.S. 51:2455(A), 2461, 3114(B), and 3121(C)(3)(b)(i) and(4)(c); Adds R.S. 51:2367(E))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original 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.

The House Floor Amendments to the engrossed bill:

1. Delete provisions relative to Enterprise Zone Incentives.
2. With respect to the La. Mega-Project Energy Assistance Rebate, change the applicability of the reduced rebate from those project contracts entered into on or after July 1, 2015 to those projects for which the secretary makes a determination on or after July 1, 2015, that the consumption of energy will be a major cost component of the operation of the project.
3. With respect to the La. Quality Jobs Program and the Corporate Headquarters Relocation Program, change the applicability of the reduced rebate from those project contracts entered into on or after July 1, 2015 to those projects for which an advance notification was filed on or after July 1, 2015.
4. With respect to the Competitive Projects Payroll Incentive program, change the applicability of the reduced rebate from those project contracts entered into on or after July 1, 2015 to those projects for which an invitation to apply is extended by the secretary on or after July 1, 2015.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the reengrossed bill

1. Provides that Advance Notifications timely filed prior to July 1, 2015, shall not expire, provided the project began during the effective date of the Advance Notification. Specifies that the Advanced Notification shall be valid until the project is complete. Further specifies that Advance Notifications filed prior to July 1, 2015, shall satisfy any procedural requirements for the filing of an Advance Notification under the provisions of present law.