## **ACT No. 18**

HOUSE BILL NO. 71

1

BY REPRESENTATIVES BARRAS, ABRAMSON, ADAMS, AMEDEE, BISHOP, BROADWATER, COX, DANAHAY, DAVIS, GLOVER, HILFERTY, HOFFMANN, JAMES, MAGEE, GREGORY MILLER, NORTON, PEARSON, PUGH, STOKES, WILLMOTT, AND ZERINGUE AND SENATOR WALSWORTH

AN ACT

2	To amend and reenact R.S. 51:1787(A)(2)(a) and (3) and (B)(3)(c) and (5) and to enact R.S.
3	51:1787(A)(1)(c), (B)(3)(d), (6), and (7), and (K), relative to the Enterprise Zone
4	Program; to provide for eligibility; to reduce the amount of certain tax credits; to
5	provide for computation of average annual employment; to provide for applicability;
6	to provide for effectiveness; and to provide for related matters.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. R.S. 51:1787(A)(2)(a) and (3) and (B)(3)(c) and (5) are hereby amended
9	and reenacted and R.S. 51:1787(A)(1)(c), (B)(3)(d), (6), and (7), and (K) are hereby enacted
10	to read as follows:
11	§1787. Incentives
12	A. The board, after consultation with the secretaries of the Department of
13	Economic Development and Department of Revenue, and with the approval of the
14	governor, may enter into contracts not to exceed five years to provide:
15	(1) For either:
16	* * *
17	(c)(i) For projects for which the advance notification is filed on or after April
18	1, 2016, the amount of the rebate of sales and use taxes and the investment income
19	tax credit granted pursuant to the provisions of this Paragraph shall not exceed one
20	hundred thousand dollars per net new job created under this Chapter.
21	(ii) A business shall not receive any sales and use tax rebate or refundable
22	investment income tax credit until it has provided all documentation, including filing

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the annual certification report as required by rule, and has shown proof of the creation of the net new jobs.

(iii) For purposes of determining the maximum rebate or income tax credit allowed, each net new job shall only be counted once. The limitation provided for in this Subparagraph shall only apply to the sales and use tax rebates and refundable investment income tax credits granted to businesses participating in the Enterprise Zone Program.

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(2)(a) Except as provided in Subparagraph (b) of this Paragraph, for a two thousand five hundred dollar tax credit per net new employee as determined by the company's average annual employment reported under the Louisiana Employment Security Law during the taxable year for which credit is claimed. For projects for which the advance notification form is filed on or after April 1, 2016, the amount of the credit provided for in this Subparagraph shall be one thousand dollars per net new employee, unless either the net new employee for which the credit is claimed was receiving Supplemental Nutrition Assistance Program (SNAP), Women, Infants, and Children (WIC), Medicaid, unemployment benefits, or any other benefits from a similar public assistance program, as provided for in rule by the Department of Economic Development, during the six-month period prior to employment or the net new employee is hired by a participating business located in an enterprise zone. The amount of the credit for each net new employee meeting these qualifications shall be three thousand five hundred dollars. This tax credit may be applied to any state income tax liability or any state corporate franchise tax liability, but not liabilities for penalty or interest, due or outstanding at the time the credit is generated. However, credits may be applied to a due or outstanding tax liability attributable to tax years prior to the year in which the credit is generated only if the tax liability is the result of an assessment, administrative, or judicial proceeding by the Department of Revenue after an audit, provided that no further interest or penalty shall be accrued on such tax liability after the credit is generated. If the entire credit cannot be used in the year claimed, the remainder may be applied against the income tax or

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corporate franchise tax for the succeeding ten taxable years or until the entire credit is used, whichever occurs first. These credits shall also apply to those tax liabilities, but not liabilities for penalty or interest, identified in tax years where existing contracts generate the credit.

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- (3) The tax credit provided in Paragraph (2) of this Subsection shall be applicable as follows:
- (a) For projects for which an advance notification was filed before April 1, 2016, only to a position within the state that did not previously exist in the business enterprise and that is filled by a person who is a citizen of the United States and who is domiciled in Louisiana, or who is a citizen of the United States and becomes domiciled in Louisiana within sixty days after his employment in such position, performing duties in connection with the operation of the business enterprise as a regular, full-time employee.
- (b) For projects for which an advance notification was filed on or after April 1, 2016, only to a position within the state that is in excess of the median statewide number of employees of the business, including affiliates, that did not previously exist in the business enterprise prior to the contract effective date and that is filled by a person who is a citizen of the United States and who is domiciled in Louisiana, or who is a citizen of the United States and becomes domiciled in Louisiana within sixty days after his employment in such position, performing duties in connection with the operation of the business enterprise as a regular, full-time employee.
- (c) The total number of credits allowed to a business enterprise for employees who are citizens of the United States and who become domiciled in Louisiana within sixty days after employment shall not exceed fifty percent of the total number of credits allowed to the business enterprise under the contract.
- B. The board may enter into the contracts provided in Subsection A of this Section provided that:

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1	(3)
2	* * *
3	(c) Notwithstanding any other provision of law to the contrary, a business
4	that is assigned a North American Industry Classification Code of 5613 or 721, and
5	whose advance notification is not filed before April 1, 2016, shall be ineligible to
6	receive benefits pursuant to the provisions of this Section.
7	(d) The certifications required by Subparagraph (a) of this Paragraph shall
8	be updated annually if the business is to continue receiving the benefits of this
9	Chapter.
10	* * *
11	(5)(a) Except as provided in Subparagraph (b) of this Paragraph, the business
12	creates a either:
13	(i) A minimum of the lesser of five net new permanent jobs to be in place
14	within the first two years of the contract period, as determined by the company's
15	average annual employment reported under the Louisiana Employment Security
16	<u>Law.</u>
17	(ii) The number of net new jobs equal to a minimum of ten percent of the
18	existing employees, minimum of one, within the first year of the contract period, as
19	determined by the company's average annual employment reported under the
20	Louisiana Employment Security Law.
21	(b) For purposes of Subparagraph (a) of this Paragraph, the methodology for
22	determining a company's average annual employment shall be established by
23	department rule.
24	(c) A business which has an estimated construction period for its building
25	greater than two years may, for good cause shown, obtain an extension of not more
26	than two years to comply with the requirements of Subparagraph (a) of this
27	Paragraph.
28	(c)(d) Provided the business entering the contract provided in Subsection A
29	of this Section is a nonprofit organization organized to finance the development and
30	construction of buildings and infrastructure to serve a public institution of higher

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APPROVED: \_\_\_\_\_