HLS 15RS-1221 ORIGINAL

2015 Regular Session

1

HOUSE BILL NO. 589

BY REPRESENTATIVE BURRELL

TAX CREDITS: Establishes criteria for participation in the enterprise zone program for the receipt of tax credits and rebate payments

AN ACT

2 To amend and reenact R.S. 51:1787(A)(3) and (B)(3), relative to incentives for businesses; 3 to provide with respect to the enterprise zone program; to provide for requirements 4 for contracts to receive tax credits and rebate payments; to provide for applicability; 5 and to provide for related matters. 6 Be it enacted by the Legislature of Louisiana: 7 Section 1. R.S. 51:1787(A)(3) and (B)(3) are hereby amended and reenacted to read 8 as follows: 9 §1787. Incentives 10 A. The board, after consultation with the secretaries of the Department of 11 Economic Development and Department of Revenue, and with the approval of the 12 governor, may enter into contracts not to exceed five years to provide: 13 14 (3) The tax credit provided in Paragraph (2) of this Subsection shall be 15 applicable only to a position within the state that did not previously exist in the 16 business enterprise and that is filled by a person who is a citizen of the United States 17 and who is domiciled in Louisiana, or who is a citizen of the United States and 18 becomes domiciled in Louisiana within sixty days after his employment in such 19 position, performing duties in connection with the operation of the business 20 enterprise as a regular, full-time employee for at least six months during the taxable 21 year. The total number of credits allowed to a business enterprise for employees

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	who are citizens of the United States and who become domiciled in Louisiana within
2	sixty days after employment shall not exceed fifty percent of the total number of
3	credits allowed to the business enterprise under the contract.
4	B. The board may enter into the contracts provided in Subsection A of this
5	Section provided that:
6	* * *
7	(3)(a) The business certifies that at least fifty percent of its employees meet
8	at least one of the following qualifications:
9	(i) Are residents of either:
10	(aa) Any enterprise zone in Louisiana, for a business located in an urban
11	enterprise zone or a business not located in either an enterprise zone or an economic
12	development zone.
13	(bb) The same parish as the location of the business, or any enterprise zone
14	in Louisiana, for a business located in a rural enterprise zone, an economic
15	development zone, or an enterprise zone in Calcasieu Parish.
16	(ii) Were receiving some form of public assistance during the six-month
17	period prior to employment.
18	(iii) Were considered unemployable by traditional standards, or lacking in
19	basic skills.
20	If the business is located within an enterprise zone, economic development
21	zone, or federal HUBZone, the business certifies that any combination of the
22	following criteria are met with respect to at least thirty-five percent of its employees:
23	(i) Are residents of an enterprise zone.
24	(ii) Prior to employment they were receiving some form of public assistance.
25	(iii) Prior to employment they were considered unemployable by traditional
26	standards, or were lacking basic skills necessary to gain employment.
27	(iv) have a felony conviction.
28	(b) If the business is located outside of an enterprise zone, economic
29	development zone, or federal HUBZone, the business certifies that any combination

1	of the criteria established in Subparagraph (a) of this Paragraph are met with respect	
2	to at least fifty percent of its employees.	
3	(b)(c) In addition to the requirements of Subparagraph (a) of this Paragraph,	
4	eligibility for a retail business which is assigned a North American Industry	
5	Classification Code of 44 or 45 and has more than one hundred employees	
6	nationwide including affiliates prior to the contract effective date shall be limited to	
7	grocery stores and pharmacies located in an enterprise zone, as such terms are	
8	defined by the department by rules promulgated in accordance with the	
9	Administrative Procedure Act.	
10	(c)(d) The certifications required by Subparagraph (a) of this Paragraph shall	
11	be updated annually if the business is to continue receiving the benefits of this	
12	Chapter.	
13	* * *	
14	Section 2. The provisions of this Act shall apply only to those contracts executed	
15	after the effective date of this Act.	
16	Section 3. This Act shall become effective upon signature by the governor or, if not	
17	signed by the governor, upon expiration of the time for bills to become law without signature	
18	by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If	
19	vetoed by the governor and subsequently approved by the legislature, this Act shall become	
20	effective on the day following such approval.	

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 589 Original

2015 Regular Session

Burrell

Abstract: Changes eligibility requirements for enterprise zone contracts to receive tax credits and rebate payments.

<u>Present law</u> establishes the enterprise zone program through which businesses may enter into contracts with the Board of Commerce and Industry (hereinafter "board") to receive tax credits and rebate payments in exchange for the creation of a certain number of jobs which involve employees who meet certain residency and other requirements.

Page 3 of 4

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

<u>Present law</u> authorizes that jobs for full-time work may satisfy the job requirements of an enterprise zone contract with <u>present law</u> specifying that the employee must work at least 6 months during the taxable year.

<u>Present law</u> provides for conditions under which the board may enter into enterprise zone contracts. These include certifications by the business regarding the employees it is claiming to satisfy the requirements for new jobs under an enterprise zone contract.

<u>Present law</u> requires a business certify that at least 50% of its employees meet any of the following requirements:

- (1) Reside in an enterprise zone, an urban enterprise zone, an economic development zone, or the parish in which the business is located.
- (2) Were receiving some form of public assistance prior to employment.
- (3) Were considered unemployable by traditional standards, or lacking in basic skills.

<u>Proposed law</u> changes present law by limiting the criteria for employees which qualify for satisfaction of contract requirements. If the business is located within an enterprise zone, economic development zone, or federal HUBZone, the business must certify that any combination of certain criteria are met with respect to at least 35% of its employees.

<u>Proposed law</u> provides that if the business is located outside an enterprise zone, economic development zone, or federal HUBZone, the business must certify that any combination of certain criteria are met with respect to at least 50% of its employees.

<u>Proposed law</u> shall only be applicable to contracts and renewals of contracts executed after the effective date of this Act.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 51:1787(A)(3) and (B)(3))