

First Extraordinary Session of 1996 Legislation Summary

Income and Corporation Franchise Tax

Act 39 (HB 151) amends and reenacts R.S. 51:2452, 2453, 2455, 2458, 2459, 2460, and 2461 and enacts R.S. 51:2461(C) and repeals R.S. 51:2456, relative to the **Louisiana Quality Jobs Program Act**, to provide a refundable tax credit, as opposed to incentive payments, to promote economic development and the creation of new jobs in basic industry establishments. To qualify under the **Louisiana Quality Jobs Program Act**, an establishment must offer a basic health benefit plan to individuals employed in new direct jobs in the state, have a projected annual gross payroll for new direct jobs equal to or greater than \$1 million within three years of the anticipated date that the establishment will first qualify for the credit, and meet other qualifications provided for in the act. Qualifying establishments may enter into a contract with the Department of Economic Development to receive a refundable tax credit against their Louisiana corporation and personal income taxes and corporation franchise tax. The amount of the credit is equal to the net benefit rate multiplied by the gross payroll of new direct jobs and is applicable to the tax periods provided for in the contract. The Department of Economic Development establishes the net benefit rate based on a cost benefit analysis. The tax credit allowed to partnerships, limited liability companies, or "S" corporations is allocated to the shareholders or partners. No new or renewal applications to receive incentive tax credits shall be approved on or after January 1, 1998. However, an establishment which, prior to January 1, 1998, had been approved shall continue to receive tax credits as long as the establishment retains eligibility. Effective May 7, 1996.

Act 42 (HB 176) enacts R.S. 51:2771 to provide a tax credit against corporation franchise tax for capital cost invested in qualifying projects by certain companies. The credit in each year is limited to the increase in the franchise tax liability that results from the qualifying project. The amount of credit is five percent of the capital cost of a qualifying project each year for a period of twenty years. The credit cannot exceed 100 percent of the capital cost of a qualifying project. The credit is also contingent on the creation of a minimum number of new jobs at base wages as provided for in the legislation. Capital cost is defined as the costs incurred in connection with the acquisition, construction, installation, and equipping of a qualifying project.

To qualify, a project, sponsored or undertaken by one or more investing companies, must meet any one of the following:

1. Capital costs not less than \$20 million with industrial, warehousing, or research activity as the predominant trade or business activity.
2. A small business addition with capital costs not less than \$1 million, with industrial, warehousing, or research activity as the predominant trade or business activity.
3. A headquarters facility with capital costs not less than \$20 million.

Each investing company, or its shareholders, partners, members, owners, or beneficiaries, are entitled to the capital credit for each tax year.

A company receiving a tax credit under this legislation is not entitled to the tax exemption provided for in R.S. 47:3202 through 3205. Effective for July 1, 1996, and null and void after June 30, 1998. However, a credit received prior to that date shall remain effective for the remainder of the 20-year period.

Miscellaneous

House Concurrent Resolution 7 requests the Chitimacha, Coushatta, and Tunica Biloxi Indian Tribes to provide goods and services at discounted rates only to their tribal members; requests that no new gaming contracts be entered into and the existing contracts be renegotiated; and requests the Louisiana congressional delegation to evaluate the need for amendments to the Indian Gaming Regulatory Act.

Sales Tax

Act 32 (HB 36) amends R.S. 47:306(A)(3)(a)(i) and (ii), and R.S. 47:306(B)(4)(a) and (b) to provide that the vendor's compensation allowed to dealers for the timely filing and remittance shall continue at the rate of 1.1 percent of the amount of tax due and timely paid until June 30, 1998. This legislation also provides that a percentage of the deduction allowed as vendor's compensation shall be deposited in and credited to the Workforce Development and Training Fund. Effective May 7, 1996.

Act 61 (HB 25) amends R.S. 51:1286(C)(1) and (3) to change the limit to the amount of the sales and use tax proceeds levied by the Tourism Promotion District that are to be used for the cost of collection of the tax and for the promotion of tourism. Effective July 1, 1996.

Senate Concurrent Resolution 2 requests the tribes operating casinos in Marksville and Kinder to collect sales tax on food and beverages and transmit those taxes to the state and parish government.

Local Sales Tax

Act 25 (HB 179) authorizes the Ouachita Parish Fire Protection District to levy an additional one-half percent sales and use tax, which had been previously approved by a majority of voters in the parish. Effective May 6, 1996.

Act 33 (HB 72) authorizes the Concordia Parish Tourist Commission to collect a hotel occupancy tax not to exceed two percent of the rent or fee charged for such occupancy. The commission is also authorized to enter into a contract with an authorized parish governing body or other public entity authorized to collect sales or use taxes. Effective May 7, 1996.

Act 38 (HB 137) amends R.S. 47:305.25 to provide that in the parish of West Carroll, the parish school board and the parish police jury may exempt the farm equipment as defined in this section of the law from the additional sales and use taxes levied by the respective governing authority subject to voter approval. Effective May 7, 1996.

Act 92 (HB 237) authorizes West Carroll Parish Police Jury to levy an additional one-half percent sales and use tax, subject to voter approval. Effective May 10, 1996.

Hotel Room Rental Tax Dedications

Act 85 (HB 194) amends and enacts the following:

R.S. 47:302.29 to dedicate two percent of the taxes collected under R.S. 47:302(C) by hotels/motels in East Baton Rouge Parish to the East Baton Rouge Parish Community Fund.

R.S. 47:302.30 to dedicate two percent of the taxes collected under R.S. 47:302(C) by hotels/motels in Rapides Parish. One half of the monies collected are dedicated to the Rapides Parish Economic Development Fund; the remaining one-half of the monies collected are to be divided equally between the Alexandria/Pineville Area Tourism Fund and the City of Pineville.

R.S. 47:332.4(A) to dedicate 2.97 percent of the taxes collected under R.S. 47:302 and R.S. 47:331 by hotels/motels in St. John the Baptist Parish to the St. John the Baptist Convention Facility Fund.

R.S. 47: 332.6(A) to dedicate 2.97 percent of the taxes collected under R.S. 47:302 and R.S. 47:331 by hotels/motels in the city of Shreveport to the Shreveport Riverfront and Convention Center Fund.

R.S. 47:332.7 to dedicate 2.97 percent of the taxes collected under R.S. 47:302 and R.S. 47:331 by hotels/motels in the city of Bossier City to the Bossier City Civic Center Fund.

R.S. 47:332.21 to dedicate .97 percent of the taxes collected under R.S. 47:331(C) by hotels/motels in Avoyelles Parish to the Avoyelles Parish Visitor Enterprise Fund.

R.S. 47:332.22 to dedicate 2.97 percent of the taxes collected under R.S. 47:302 and R.S. 47:331 collected by hotels/motels in St. Bernard Parish to the St. Bernard Parish Enterprise Fund.

R.S. 47:332.23 to dedicate 2.97 percent of the taxes collected under R.S. 47:302 and R.S. 47:331 collected by hotels/motels in St. James Parish to the St. James Parish Enterprise Fund.

R.S. 47:332.24 to dedicate .97 percent of the taxes collected under R.S. 47:331(C) by hotels/motels in St. Charles Parish to the St. Charles Parish Enterprise Fund. Effective July 1, 1996.