

June 30, 2017

2017 LEGISLATIVE SESSION OVERVIEW

LED Business Incentive Programs Changes

The following legislation resulted in significant changes to LED Business Incentive programs: Acts 206, 245, 323, 336, 345, 386, & 400.

The following overview summarizes the changes, for informational purposes and general guidance, but is subject to the actual language of these enactments, and to further requirements as may be provided by rules promulgated under the Administrative Procedures Act.

I. Angel Investor Tax Credit Program (La.R.S.47:6020)

A. Caps; Rate (Act 400)

Effective July 1, 2018:

1. Program Cap – The annual program cap which was reduced from \$5 million per year to \$3.6 million per year in 2015 is permanent.
2. Investment Caps – The annual investment cap of \$720,000 per Louisiana Entrepreneurial Business (LEB) per year and the total per LEB investment cap of \$1.44 million are permanent.
3. Credit Rate – The credits granted by LED shall be at a rate of 25%.
4. Payout Time Frame – The time frame on the payout of the credits is reduced from five equal payments over five years to three equal payments over three years.

B. Sunset Date (Act 345)

The program sunsets on July 1, 2021 (no credits granted or reserved after that date).

II. Retention and Modernization Program (La.R.S.51:2399.1, et seq.)

A. Cap; Rate (Act 400)

1. Program Cap – For projects approved on or after July 1, 2015, the cap on all credits was reduced from \$10 million to \$7.2 million per year; projects approved on or after July 1, 2017, the aggregate annual cap on all credits is \$7.2 million per calendar year.
2. Credit Rate – For projects approved on or after July 1, 2015, the credit was reduced from 5% to 3.6% on qualified spending; projects approved on or after July 1, 2017, the R&M credit is 4% on qualified spending.

III. Enterprise Zone (La.R.S.51:1781 et seq.)

Sunset Date (Act 206)

The Enterprise Zone program sunset date has been extended to July 1, 2021.

IV. Quality Jobs Program (La.R.S.51:2451 et seq.)

The following changes are applicable to advance notifications filed on or after July 1, 2017.

A. Net New Jobs; Wage rates (Act 386)

1. Net New Jobs – five net new jobs for companies with 50 or fewer employees; 15 net-new jobs for companies with more than 50 employees.
2. Minimum wage rates and payroll benefit levels – minimum of \$18/hour in order to receive a 4% payroll rebate, minimum of \$21.66/hour in order to receive a 6% payroll rebate. In addition, companies are required to offer healthcare that at a minimum meets federally mandated healthcare requirements (ACA compliant).

B. Capex Benefit (Act 386)

Capex benefits are unchanged – company chooses either 1.5% project facility expense rebate or a state (and local) sales & use tax rebate

C. Eligible Industries (Act 386)

1. Additional Eligible Industries – Headquarters, Clean Energy, Back-Office Operations, & Aircraft MROs
2. Limited eligibility – Professional services firms are ineligible except for the case in which at least 50% of its services are provided for out-of-state customers or for a multi-state (parent) company; construction companies are ineligible except for the case in which it is the corporate headquarters of a multi-state business or can demonstrate that at least 50% of its sales are to out-of-state customers; medical professionals are ineligible except for those engaged in biomedical or biotechnology, servicing rural hospitals, or those in which at least 50% of its patient base is from out-of-state.
3. Ineligible Industries – Staffing Companies

D. Qualifiers (Act 386)

The qualifier for companies located within a Census Tract Block Group has been eliminated. The qualifier for a company that locates in one of the lowest 25% of parishes based upon per capita income remains.

(From July 1, 2015, through June 30, 2018, annual payroll rebates will be approved for payment at a rate of 5% or 6% (as applicable) multiplied by 80% of payroll. Payroll rebates approved on and after July 1, 2018, will be calculated on 100% of payroll. However, annual payroll rebates claims that are due before July 1, 2018, but not timely filed are subject to reduction.)

V. Competitive Projects Payroll Incentive (La.R.S.51:3121)

Sunset Date (Act 386)

The Competitive Projects Payroll Incentive sunset date has been extended to July 21, 2022.

VI. Research and Development Tax Credit (La.R.S.47:6015)

A. Transferability (Act 336)

For tax years beginning July 1, 2018, the R&D credit is transferable ONLY for the SBIR and STTR participants.

B. Credit Rates (Act 336)

For tax years beginning July 1, 2017, the R&D credit rates are as follows:

1. SBIR and STTR - 30%
2. Companies with 0-49 employees - 30% with a 50% base calculation
3. Companies with 50-99 employees - 10% with an 80% base calculation
4. Companies with 100 or more employees: 5% with an 80% base calculation

C. Sunset Date (Act 336)

The R&D program sunsets on December 31, 2021 (no credits for expenses incurred beyond this date).

VII. Ports of Louisiana Tax Credits (La.R.S.47:6036)

A. Investor Tax Credit (Act 245 & 400)

1. State Bond Commission – Approval by State Bond Commission is no longer a step in the PITC approval process
2. Sunset Date – The PITC program sunset date is July 1, 2017.

(For claims filed on or after July 1, 2017, the Port Investor Tax Credit for qualifying projects is up to 72% of capital costs, to be taken at 5% per tax year. The per-project cap is \$1.8 million per tax year, and the program cap is \$4.5 million per fiscal year.)