

NOTICE OF INTENT

Department of Economic Development Office of Business Development

Enterprise Zone Program (LAC 13:I.Chapter 7)

The Department of Economic Development, Office of Business Development, as authorized by and pursuant to the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., and R.S. 36:104, hereby proposes to amend the Rules for the Enterprise Zone Program (R.S. 51:1787, et seq.) to better align the rules with current statutory provisions and administrative practices, as required by portions of Act 18 of the 2016 First Extraordinary Session and Act 28 of the 2020 First Extraordinary Session of the Louisiana Legislature.

Title 13

ECONOMIC DEVELOPMENT

Part I. Financial Incentive Programs

Chapter 7. Enterprise Zone Program

§701. General

A. - B ...

C. Effective date of Act 423 of the 2013 Regular Session

1. The provisions of Act 423 shall apply to advance notification filed on or after June 1, 2013 and prior to April 1, 2016.

D. Effective date of Act 18 of the 2016 First Extraordinary Session.

1. The provisions of Act 18 shall apply to advance notification filed on or after April 1, 2016, except as provided below.

a. A retail business, hotel or restaurant with an assigned NAICS Code of 44,45,721 or 722, which has no more than fifty employees nationwide including affiliates prior to the contract effective date, and which files or enters into an advance notification on or after July 1, 2020, and before December 31, 2021, shall be eligible to receive benefits. However, no such business shall be eligible to earn benefits pursuant to this section after June 30, 2023.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Commerce and Industry, Finance Division, LR 17:252 (March 1991), amended by Department of Economic Development, Office of Commerce and Industry, LR 22:446 (June 1996), amended by the Department of Economic Development, Office of Business Development, LR 29:2298 (November 2003), LR 37:2368 (August 2011), LR 40:490 (March 2014), LR 42:867 (June 2016), amended by the Department of Economic Development, Office of Business Development, LR 46:

§702. Eligibility criteria and available incentives

A. Eligibility

1. This program is available to a Louisiana business that will:

a. create jobs. Create permanent full-time net new jobs that are at least equal to the lesser of:

i. five jobs, created within the first two years of the contract period; or

ii. the number of jobs equal to a minimum of 10 percent of the employees employed throughout the United States by the business and its affiliates, a minimum of one, created within the first year of the contract period.

iii. for good cause shown, the board may grant an extension of not more than two years to comply with the above job creation requirements.

b. hire from targeted groups.

i. A business located in an urban enterprise zone, or a business not located in either an enterprise zone, or economic development zone shall certify that at least 50% of the employees filling net new jobs are from one of the following target groups:

(a). residents. Someone living in any enterprise zone in Louisiana;

(b). a person receiving an approved form of public assistance during the six months prior to employment;

(c). a person considered to be lacking in basic skills, i.e. performing below a ninth grade proficiency in reading, writing or mathematics.

(d). a person considered unemployable by traditional standards.

ii. A business located in a-rural enterprise zone, an economic development zone, or an enterprise zone in Calcasieu Parish shall certify that at least 50 percent of the employees filling net new jobs are from one of the target groups identified above in §702 A.1.b.i or;

(a). A resident of the same parish as the project site.

2. The following businesses shall not be eligible to participate in the program:

a. businesses with gaming on site;

b. churches;

c. residential developments, including but not limited to the construction, selling, or leasing of single-family or multi-family dwellings, apartment buildings, condominiums or town houses.

d. employment agencies, with an assigned NAICS Code of 5613 and advance notifications filed on or after April 1, 2016.

3. The following businesses are subject to certain limitations and restrictions:

a. for a multi-tenant facility to be eligible for the benefits of this Chapter, the business must meet one of the following criteria:

i. occupy a minimum of 33 percent of the total floor area of the building;

ii. tenants are businesses new to the state;

iii. tenants are Louisiana businesses increasing their number of locations within the state by placing a new location within this facility;

iv. tenants are relocating within Louisiana and will generate the minimum of new job credits over and above the total jobs at their previous location;

b. retail establishments. No retail business with an NAICS code of 44, 45, or 722 is eligible to participate in the program unless:

i. an advance notification was filed on or after June 21, 2013 and before July 1, 2015:

(a). retail establishments that are assigned a North American industry classification code beginning with 44 or 45 and have more than 100 employees nationwide including affiliates prior to the contract effective date are not eligible to participate unless:

(i). the business is a grocery store or pharmacy as defined by LED; and

(ii). the business is located in an enterprise zone;

(b). however, if a retail establishment filed an advance prior to July 1, 2015, but did not enter into an EZ contract prior to July 1, 2015, it cannot claim EZ incentives until on or after July 1, 2016; or

ii. for retailers with no more than 50 employees nationwide including affiliates, an advance notification was filed on or after July 1, 2020 and before December 31, 2021. However, no such retail business shall be eligible to earn benefits after June 30, 2023;

c. employment agencies. No business with an NAICS code of 5613 is eligible to participate in the program unless it filed an advance notification prior to April 1, 2016;

d. hotels. A business with an assigned NAICS Code of 721 shall be ineligible to receive benefits, unless:

i. an advance notification was filed prior to April 1, 2016; or

ii. for businesses with no more than 50 employees nationwide including affiliates, an advance notification was filed on or after July 1, 2020 and before December 31, 2021. However, no such business shall be eligible to earn benefits after June 30, 2023.

B. Available Incentives. The following incentives are available for Louisiana businesses meeting program eligibility criteria.

1. Job Tax Credit. A one-time tax credit for each net new job created, with the benefit amount to be calculated as follows:

a. for projects for which the advance notification form is filed prior to April 1, 2016 a one-time tax credit of \$2,500 for each net new job; or

b. for projects for which the advance notification form is filed on or after April 1, 2016 a one-time tax credit of \$1,000 for each net new job, unless the following conditions are met;

i. the net new employee for which the credit is being claimed was receiving Supplemental Nutrition Assistance Program (SNAP), Women, Infants and Children (WIC), Medicaid or unemployment benefits, during the six-month period prior to employment; or

ii. the net new employee is hired by a participating business located in an enterprise zone;

iii. the amount of the credit for each net new employee meeting these conditions shall be \$3,500 for each net new job; or

c. for a business in the aviation and aerospace industries as defined in the NAICS industries 336411, 336412, 336413 or 33291, a one-time tax credit of \$5,000 for each net new job;

d. in addition to the job tax credits provided for in this section, a one-time tax credit of \$2,500 for each recipient of temporary assistance for needy families (TANF) hired by a business. The TANF recipient must receive compensation which will disqualify them from continued participation in TANF and must be employed for two years to generate the additional tax credit. An employer shall not obtain the jobs tax credit for more than 10 TANF employees in the first year of participation in the program;

e. limitations to the job tax credit:

i. position limitations.

(a). For projects with advance notifications filed before April 1, 2016, job tax credits shall only be calculated based upon a position within the state that did not previously exist in the business, 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 of employment in such position, performing duties as a regular, full-time employee;

(b). for projects with advance notifications filed on or after April 1, 2016, job tax credits shall only be calculated based upon a position within the state that is in excess of the median statewide number of employees of the business, including affiliates, and meeting the above requirements of B 1.e.i.(a);

ii. credit amount limitations. The total number of credits granted to a business 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 job tax credits granted to the business under the contract.

2. Sales and use tax rebate or refundable investment tax credit as follows:

a. sales and use tax. Rebates of sales and use taxes imposed by the state, and sales and use taxes imposed by its political subdivisions upon approval of the governing authority of the appropriate taxing political subdivision, on all eligible purchases during a specified project period of not more than 30 months:

i. sales and use taxes imposed by a political subdivision which are dedicated to the repayment of bonded indebtedness or dedicated to schools shall not be eligible for rebate;

ii. a business seeking a local sales and use tax rebate must obtain an endorsement resolution specific to the project from each political subdivision levying the taxes to be rebated. The endorsement resolution must clearly state the intention to rebate sales and use taxes as allowable for the project. The endorsement resolution must be adopted prior to board approval of the application, or if the project cost is greater than one hundred million dollars, prior to the project ending date; or

b. Refundable investment tax credit. In lieu of the sales and use tax rebates, a refundable investment tax credit equal to one and one-half percent of the amount of qualified expenditures for assets that are located at the project site and are placed in service during the project period, and are in accordance with the provisions of §731 and §732.

c. Limitations to the rebate of sales and use taxes and the investment tax credit:

i. A business shall not receive any sales and use tax rebate or investment tax credit until it has provided all documentation necessary to illustrate compliance with program requirements, including but not limited to filing an annual certification report and proof of the creation of net new jobs.

ii. For purposes of determining the maximum sale and use tax rebate or income tax credit allowed, each net new job shall be counted once.

iii. For projects with advance notifications filed on or after April 1, 2016, the amount of sales and use tax or investment tax credit granted shall not exceed one hundred thousand dollars per net new job.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, LR

§703. Definitions

Act 423- Act 423 of the 2013 Regular Session of the Louisiana Legislature

Act 18- Act 18 of the 2016 First Extraordinary Session of the Louisiana Legislature

* * *

Employment Baseline—

1. the baseline from which net new jobs are determined, to be calculated as follows:

a. for projects with advance notifications filed with business incentives services prior to June 21, 2013, *employment baseline* will be determined in accordance with prior policy and practice in place at the time of the filing of the advance notification.

b. for projects with advance notifications filed with business incentives services on or after June 21, 2013 but prior to April 1, 2016,

i. the median number of full time employees of the business (including employees of affiliates, and employees of unrelated affiliates who have also been employed by the business within the twelve months prior to the contract effective date) at the project site, during the payroll periods including the twelfth day of the month, in the last four months completed prior to the contract effective date (the median is calculated by discarding the months with the highest and lowest number of employees, and averaging the number in the remaining two months); or

ii. the last annual average number of full time employees certified under an enterprise zone contract for the business that was in effect on the day prior to the contract effective date;

c. for projects with advance notifications filed with business incentives services on or after April 1, 2016 but prior to the effective date of the 2020 rule promulgation,

i. equal to the median number of full time employees of the business (including employees of affiliates, and employees of unrelated affiliates who have also been employed by the business within the twelve months prior to the contract effective date) statewide, during the payroll periods including the twelfth day of the month, in the last four months completed prior to the contract effective date (the median is calculated by discarding the months with the highest and lowest number of employees, and averaging the number in the remaining two months).

d. for projects with advance notifications filed with business incentives services after the effective date of the 2020-rule promulgation,

i. equal to the median number of full time employees of the business (including employees of affiliates, and employees of unrelated affiliates who have also been employed by the business within the twelve months prior to the contract effective date) statewide, during the payroll periods including the twelfth day of the month, in the last twelve months completed prior to the contract effective date (the median is calculated by discarding the months with the highest and lowest number of employees, and averaging the number in the remaining ten months).

2. the baseline must be maintained in any year for which the business requests job tax credits;

* * *

Public Assistance—

for projects with advance notifications filed with business incentives services prior to the effective date of the 2020 rule promulgation, public assistance shall be determined in accordance with prior policy and practice in place at the time of the filing of the advance notification, and shall be any program of assistance financed in whole or in part by a federal, state, or any local government agency, eligibility for which is dependent upon the employment status or income level of the individual. Any such assistance must have been received by the individual within a six-month period prior to their hire date.

for projects with advance notifications filed with business incentives services after the effective date of the 2020 rule promulgation, public assistance shall be limited to the following public assistance programs; Supplemental Nutrition Assistance Program (SNAP), Women, Infants, and Children (WIC), Medicaid and unemployment benefits. Any such assistance must have been received by the individual within a six-month period prior to their hire date.

* * *

Unemployment benefits – shall be limited to temporary financial assistance to workers who are unemployed through no fault of their own and who meet the requirements of the Louisiana Employment Security Law.

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AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, LR 29:2299 (November 2003), amended LR 37:2369 (August 2011), LR 40:491 (March 2014), amended by the Department of Economic Development, Office of Business Development, LR .

§705. Job Calculation Methodology

A. When determining program eligibility, compliance, computation of job tax credits, sales and use tax rebates or investment tax credits, the department shall employ the following methodology;

Program eligibility and compliance.

When calculating whether 50% of employees are hired from identified target groups, the department does not recognize partial number of employees, so anything over a whole number is rounded up to the next higher whole number.

The number of jobs shall be determined by averaging the first twelve-month period, and then by separately averaging the second twelve-month period. The department will not combine periods to perform one average calculation for a twenty-four-month period.

Computation of job tax credits. When calculating the amount of job tax credits, the department shall not recognize decimal numbers, but instead will round down to the nearest whole number and only recognize and award tax credits based upon whole numbers.

Computation of net new jobs as it relates to the maximum \$100,000 sales and use tax rebate or investment tax credit per net new job. The department shall use the whole number computed for issuance of job tax credits.

Post Act 18 baseline calculation. Two baseline numbers shall be determined, as follows;

A statewide baseline, equal to the median number of statewide, full-time employees of the business (including employees of affiliates, and employees of unrelated affiliates who have also been employed by the business within the twelve months prior to the contract effective date); and

A project site baseline, equal to the median number of full-time employees at the project site.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, LR .

§709. Targeted Employees for a Business in an Urban Enterprise Zone

Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Commerce, Office of Commerce and Industry, LR 8:230 (May 1982), amended LR 9:544 (August 1983), amended by the Department of Commerce, Office of Commerce and Industry, Division of Financial Programs Administration, LR 11:95 (February 1985), amended by the Department of Economic Development, Office of Commerce, Finance Division, LR 17:253 (March 1991), amended by the Department of Economic Development, Office of Commerce and Industry, LR 22:447 (June 1996), amended by the Department of Economic Development, Office of Business Development, LR 29:2300 (November 2003), LR 37:2372 (August 2011), LR 40:494 (March 2014), amended by the Department of Economic Development, Office of Business Development, LR .

§711. Targeted Employees for a Business in a Rural Enterprise Zone

Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Commerce, Office of Commerce and Industry, LR 8:230 (May 1982), amended LR 9:544 (August 1983), amended by the Department of Commerce, Office of Commerce and Industry, Division of Financial Programs Administration, LR 11:95 (February 1985), amended by the Department of Economic Development, Office of Commerce and Industry, Finance Division, LR 17:254 (March 1991), amended by the Department of Economic Development, Office of Commerce and Industry, LR 22:448 (June 1996), amended by the Department of Economic Development, Office of Business Development, LR 29:2301 (November 2003), LR 37:2372 (August 2011), LR 40:494 (March 2014), amended by the Department of Economic Development, Office of Business Development, LR .

§713. Targeted Employees for a Business in an Economic Development Zone

Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, LR 29:2301 (November 2003), amended LR 37:2373 (August 2011), LR 40:494 (March 2014), amended by the Department of Economic Development, Office of Business Development, .

§715. Targeted Employees for a Business Not in an Enterprise Zone or Economic Development Zone

Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, LR 29:2301 (November 2003), amended LR 37:2373 (August 2011), LR 40:494 (March 2014), amended by the Department of Economic Development, Office of Business Development, LR .

§716. Electronic Submittals

The department shall only allow submission of information electronically using Fastlane or any other electronic data submittal program provided by the department.

Electronic documents will be accepted by the department in satisfaction of the requirements of department regulations, notwithstanding any other department regulation to the contrary, including but not limited to an electronic contract document executed in whole or part with electronic signatures.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, LR

§717. Annual Employee Certification

A. An annual employee certification report (ECR) must be filed with the business incentive services on all active contracts validating program compliance. An ECR fee of \$250 shall be submitted with the report. Failure to file may result in contract cancellation. One 30-day extension may be granted if requested in writing if the request is received prior to the due date of the ECR.

1. Employee certification report filings shall report Company employees working at the project site for a twelve-month period, and shall be due within six months of the anniversary of the contract effective date, or the Governor's signature on the contract, whichever is later.

2. In the case of early contract terminations, a Company may submit final employee certification reports containing data for varying project time periods as approved in writing by the department.

3. The department may request additional information necessary to verify benefit eligibility. The Company must provide all requested information, or other documentation as approved by the department, within one hundred and eighty days. Failure to do so within the prescribed timeframe shall result in the expiration of the ECR and require re-submission.

4. If the employee certification report is submitted after the filing deadline, the amount of the job tax credit shall be reduced by 5 percent for each month or portion of a month late, up to a maximum reduction of 100 percent after 20 months.

a. Except as otherwise approved by the secretary for good cause shown. Good cause may include but not be limited to events beyond the reasonable control of the parties, such as an act of God, an act of war, an act of terrorism, a cyberattack, or a natural disaster due to earthquake, landslide, fire, flood, tornado, tropical storm or hurricane. The business shall have the burden to establish good cause.

B. If the employee certification report substantiates that the business has not created the permanent full-time net new jobs required for program eligibility, the board shall cancel the contract and the business shall refund all credits and rebates received. If not timely paid in compliance with the contract, the department will notify Department of Revenue of the contract violation, and the business will be subject to the provisions of §737.

C.- D ...

E. While Company's may elect to terminate contracts prior to their scheduled expiration date, early terminations may not be conducted in such a manner as to abuse the purpose and intent of the program to be limited to a period of five years. Therefore Company's that elect early contract termination shall be restricted from applying for a new contract at the same project site until the end of the five year period, as outlined in the contract.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, LR 29:2301 (November 2003), amended LR 37:2373 (August 2011), LR 40:494 (March 2014), LR 42:867 (June 2016), amended by the Department of Economic Development, Office of Business Development, LR .

§721. Advance Notification

A. An advance notification form, and a \$250 fee, shall be filed with business incentive services prior to the beginning of the project. All incentives for the same project must be indicated on one advance notification and be identified by one project number. Internet filing of the advance notification may be made at the department website.

B. An advance notification shall include but not be limited to a project description, estimated number of jobs, payroll, costs, project start and end dates. The project start date shall not exceed 12 months after the advance filing date and in no instance shall the project period exceed 30 months. Dates may be amended by the applicant if the written request is made prior to the estimated project ending date. An advance notification expires ~~one year~~ ninety days after the estimated project ending date shown on the advance notification, unless an application is timely filed, or a written date revision request is received by business incentive services prior to the expiration date- but in no instance shall exceed 45 months after the advance filing date.

C. ...

D. A business proposing a project exceeding 30 months must separate the project into phases with no phase having a project period greater than 30 months. The business must comply with program eligibility requirements, and file a separate advance notification, application, project completion report, and affidavit of final cost, with the required fees, for each phase of the project. The business must elect either the sales and use tax rebate or the investment tax credit for all phases of the project. Businesses electing the investment tax credit are not subject to the 50 percent limitation of §731.B for phases subsequent to the initial phase, and may elect to file one investment tax credit claim for all consecutive project periods.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, LR 29:2302 (November 2003), amended LR 37:2373 (August 2011), LR 40:495 (March 2014), LR 42:867 (June 2016), amended by the Department of Economic Development, Office of Business Development, LR .

§723. Application

A. ...

A1. Applications must include sufficient information to verify program compliance. LED reserves the right to request missing information, which shall be provided to LED within 30 days. Applications with missing or inadequate information after this time frame shall be considered late filings.

B.- C. ...

D. An application must be submitted to business incentive services at least 45 days prior to the board meeting where it is intended to be presented for approval. Applications may be deferred to a later board meeting date at the request of the applicant, but in no instance shall exceed presentation at a board meeting occurring more than 6 months after the filing of the application.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, LR 29:2303 (November 2003), amended LR 37:2373 (August 2011), LR 40:495 (March 2014), LR 42:867 (June 2016), amended by the Department of Economic Development, Office of Business Development, LR .

§725. Recommendations of the Secretaries of Economic Development and Revenue

...

B. The department must receive a letter-of-no-objection or a letter-of-approval from the LDR, prior to submitting the application to the board for action.

C. If LDR issues an objection to an application, the applicant has six months to clear the objection or the application shall be cancelled by the department. The six-month period shall begin on the date LED sends written notification to the company of the objection received from LDR.

1. Except that the department may, in its sole discretion, grant an extension in the following circumstances;

a. Active negotiation. An extension may be granted to applicants which demonstrate active negotiation to LED by providing written documentation of ongoing, bilateral communications between the applicant or its representative and LDR as applicable, even if such communication begins after the objection was issued, or other written verification as approved by LED.

i. the extension shall not exceed six months, and an application with an active, unresolved objection shall be cancelled by the department one year after sending written notification to the company of the objection.

b. Litigation. The department may grant an extension to applicants which demonstrate active litigation with LDR, including but not limited to submission of a written complaint or petition, as approved by LED.

i. the extension shall be valid during the pendency of the action, but shall not exceed five years.

c. As otherwise approved by the secretary for good cause shown.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, LR 29:2303 (November 2003), amended LR 37:2374 (August 2011), LR 40:495 (March 2014), LR 42:868 (June 2016), amended by the Department of Economic Development, Office of Business Development, LR

§729. Enterprise Zone Program Contract

A. Upon approval of the application, the board shall enter into a contract with the business for the benefits allowed by this Chapter. The business must execute its portion of the contract and return it to Business Incentive Services within 60 days.

1. For projects with contract effective dates prior to the effective date of the 2020 rule promulgation, if the contract is not returned within 60 days, the board may rescind the approval of the application.

2. For projects with contract effective dates after the effective date of the 2020 rule promulgation, if the contract is not returned within 90 days, the board's approval shall be deemed rescinded.

3. When the contract has been fully executed, a copy will be sent to the business, the Department of Revenue, and if applicable, sent to the political subdivision.

B. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, LR 37:2374 (August 2011), amended LR 40:496 (March 2014), LR 42:868 (June 2016), amended by the Department of Economic Development, Office of Business Development, LR.

§731. Project Completion

A. Within six months after the project ending date or the governor's signature on the contract, whichever is later, the business shall file with business incentive services, on the prescribed form, a project completion report and an affidavit of final cost. A project completion report fee of \$250 and an affidavit of final cost fee of \$250 shall be submitted with these forms or any amendments to these forms.

1. Any outstanding or final employee certification reports shall be submitted to LED prior to, or along with, a project completion report submission.

2. The department may grant an extension of thirty days for the filing of a project completion report, provided the written request for extension is received prior to the filing deadline.

3. If the project completion report is submitted after the filing deadline, the amount of the investment tax credit, or sales and use tax rebate shall be reduced by 5 percent for each month or portion of a month late, up to a maximum reduction of 100 percent after 20 months.

B. – D. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, LR 37:2374 (August 2011), amended LR 40:496 (March 2014), LR 42:868 (June 2016), amended by the Department of Economic Development, Office of Business Development, LR.

§741. Multi-Tenant Facility

Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 51:1786(5).

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, LR 29:2304 (November 2003), amended LR 40:497 (March 2014), amended by the Department of Economic Development, Office of Business Development, LR.

§751. Effective date of Act 423 of the 2013 Regular Session

Repealed.

AUTHORITY NOTE: Promulgated in accordance with Act 423 of the 2013 Regular Session.

HISTORICAL NOTE: Promulgated by the Department of Economic Development, Office of Business Development, LR 40:498 (March 2014), amended by the Department of Economic Development, Office of Business Development, LR.

Family Impact Statement

The proposed Rule is not anticipated to have an impact on family formation, stability, and autonomy as described in R.S. 49:972.

Poverty Statement

The proposed Rule is not anticipated to have an impact on poverty as described in R.S. 49:973.

Provider Impact Statement

The proposed Rule is not anticipated to have an impact on providers of services as described in HCR 170 of the 2014 Regular Legislative Session.

Small Business Analysis

The modifications to the Enterprise Zone Program could cause a direct economic impact on some small retail, restaurants and hotels that have no more than 50 employees who are newly eligible for the program, if meeting certain criteria. However, the benefit from additional funding received, at a nominal cost of some additional planning and paperwork associated with the application process and reporting requirements should provide a positive impact to any small businesses that choose to apply to the program.

Public Comments

Interested persons should submit written comments on the proposed Rules to Stephanie Le Grange through the close of business on Monday, October 26, 2020 at Department of Economic Development, 617 North 3rd Street, 11th Floor, Baton Rouge, LA 70802 or via email to Stephanie.Legrange@la.gov.

Public Hearing

A meeting for the purpose of receiving the presentation of oral comments will be held at 11 a.m. on Tuesday, October 27, 2020 at the La Salle Building, [Room TBD], 617 North Third Street, Baton Rouge, LA 70802.

Anne G. Villa
Undersecretary

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

There is no impact on expenditures of the Department of Economic Development (LED) as a result of the proposed rules establishing guidelines for the Enterprise Zone Program. The program encourages job creation in rural enterprise zones, urban enterprise zones, or economic development zones by offering job tax credits, or sales and use tax rebates or refundable investment tax credits to qualifying businesses. The proposed amendments align the rules with the current statutory provisions and administrative practices as required by Act 18 of 2016 IES and Act 28 of 2020 IES. Administration of the program will be carried out utilizing existing staff and resources at LED.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

There will be increased revenues (decreased costs) to the State General Fund (Direct) to the extent that entities take advantage of the tax credits pursuant to Act 18 of 2016 IES, which implemented restrictions to the program. Based upon LED historical data, the increases in revenue are as follows: 1) increased revenue (decreased costs) of \$2 M by FY 22 and beyond due to changing the job tax credit, from \$2,500 to \$3,500, per net new job for employees receiving public assistance 6 months prior to employment or those projects located in enterprise zones, and decreasing the job credit to \$1,000 for all others; 2) increased revenue (decreased costs) of as much as \$20.5 M for FY 22 and beyond from limiting the sales rebate and investment tax credits to \$100,000 per net new job; and 3) increased revenue (decreased costs) of \$2 M for FY 22 and beyond from the elimination of employment services and living accommodations from program eligibility. The actual cost of the Enterprise Zone program in FY 15 was \$46.9 M, including job credits and sales tax rebate/investment credits.

There will be decreased revenues (increased costs) to the State General Fund (Direct) to the extent that entities take advantage of the tax credits pursuant to Act 28 of 2020 IES, which extends the program as a whole by allowing advance notification filings up to July 1, 2026. Current program costs range near \$25 M annually for credit and rebate realizations. Allowing the program to stop accepting participation as of July 1, 2021 would result in a gradual phase-down of annual revenue costs over roughly a five-year period. The extension of the current program will prevent this from occurring. The annual dollar distribution of this phase-down, based upon LED's assessment of the historical lag time between entry into the program and benefit claims, will result in the cumulative annual revenue loss relative to the baseline: \$0 in FY 21; \$5M in FY 22; \$15 M in FY 23; \$22.5 M in FY 24; and \$25 M in FY 25.

Act 28 of 2020 IES further expanded the program to allow businesses classified as retail, restaurants, and hotels, that have no more than 50 employees nationwide including affiliates, into the program with advance notification filings from July 1, 2020 to December 31, 2021. Eligibility to earn benefits terminates after June 30, 2023. The extent of qualifying participation in the program is speculative, however, based upon historical claims, much of this program cost is likely to be the investment tax credit component, and the state's exposure is estimated to be: \$0 in FY 21; \$150,000 in FY 22; \$300,000 in FY 23; \$225,000 in FY 24; \$75,000 in FY 25.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS (Summary)

The income of new businesses participating in the program may decrease in comparison to existing approved businesses due to the heightened eligibility criteria and decreased benefits.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

Companies receiving benefits under this program will gain competitively over companies that do not receive the program's benefits.