

Regular Session, 2012

SENATE BILL NO. 567

BY SENATORS RISER, ALARIO, GARY SMITH AND WALSWORTH

ECONOMIC DEVELOPMENT. Creates the Corporate Headquarters Relocation Program.  
(7/1/12)

1 AN ACT

2 To enact Chapter 54 of Title 51 of the Louisiana Revised Statutes of 1950, to be comprised  
3 of R.S. 51:3111 through 3115, relative to the creation of a Corporate Headquarters  
4 Relocation Program; to authorize contracts with businesses that relocate or expand  
5 a headquarters in the state; to provide for the content and approval of contracts; to  
6 provide for the authority of the Department of Economic Development; and to  
7 provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. Chapter 54 of Title 51 of the Louisiana Revised Statutes of 1950,  
10 comprised of R.S. 51:3111 through 3115, is hereby enacted to read as follows:

11 **CHAPTER 54. CORPORATE HEADQUARTERS RELOCATION PROGRAM**

12 **§3111. Definitions**

13 **The following words or terms as used in this Chapter shall have the**  
14 **following meaning, unless a different meaning appears from the context:**

15 **(1) "Board" means the Board of Commerce and Industry.**

16 **(2) "Business" means any individual, firm, joint venture, association,**  
17 **corporation, estate, partnership, business trust, receiver, syndicate, or any other**

1        **legal business entity.**

2                **(3) "Department" means the Department of Economic Development**  
3        **unless otherwise designated.**

4                **(4) "Headquarters jobs" means permanent full-time new executive,**  
5        **administrative, or professional jobs based at a headquarters and filled by**  
6        **residents of the state employed by a qualified business, with each job paying at**  
7        **least sixty thousand dollars per year or two hundred percent of the average**  
8        **annual wages paid by employers subject to the Louisiana Employment Security**  
9        **Law in the parish in which the headquarters is located, whichever is lower.**

10               **(5) "Headquarters" means a principal or regional corporate office**  
11        **located or to be located in Louisiana, in which are based the principal or**  
12        **regional executive officers normally constituting a principal or regional**  
13        **headquarters providing corporate governance. Such officers include but are**  
14        **not limited to chief executive officer, chief operating officer, and other senior**  
15        **level officers or appropriate regional equivalents.**

16               **(6) "Program" means the Corporate Headquarters Relocation Program**  
17        **established pursuant to this Chapter.**

18               **(7) "Qualified business" means a business that (a) the secretary has**  
19        **determined meets the eligibility requirements of R.S. 51:3112, (b) has been**  
20        **approved by the board to participate in the program, and (c) has executed a**  
21        **contract with the department governing its participation in the program.**

22               **(8) "Relocation costs" means actual, direct, and substantiated costs**  
23        **incurred by the qualified business to relocate a headquarters to the state,**  
24        **including capital expenditures and leasing costs for a facility and equipment,**  
25        **and personnel relocation costs. Personnel relocation costs shall be limited to**  
26        **costs associated with no more than sixty percent of headquarters jobs.**  
27        **Relocation costs shall also include capital expenditures and leasing costs for**  
28        **expansion of a headquarters facility in the state, excluding personnel relocation**  
29        **costs. Relocation costs shall be limited to the maximum amount provided by the**

1 contract executed pursuant to this Chapter.

2 (9) "Secretary" means the secretary of the Department of Economic  
3 Development.

4 (10) "Significant positive economic benefit" means that net positive tax  
5 revenues to be generated as a result of the project taking into account direct,  
6 indirect, and induced impacts based on standard economic impact methodology  
7 utilized by the department and the value of the rebate and any other state tax  
8 and financial incentives that are used by the department to secure the qualified  
9 business.

10 (11) "State" means the state of Louisiana.

11 **§3112. Eligibility requirements**

12 A business shall be eligible to participate in the program if all of the  
13 following requirements are met:

14 (1) The business is relocating a headquarters to the state, or is expanding  
15 a headquarters in the state.

16 (2) The secretary determines that participation in the program will be  
17 a significant factor in a highly competitive site selection situation to encourage  
18 the business to relocate or expand the headquarters in the state.

19 (3) The secretary determines that securing the project will result in a  
20 significant positive economic benefit to the state.

21 (4) Relocation or expansion of the headquarters will create a minimum  
22 of twenty-five headquarters jobs.

23 **§3113. Application; recommendation; approval**

24 A. At the invitation of the secretary, a business may apply for  
25 participation in the program by submitting to the department certified  
26 statements and substantiating documents as the department may require.

27 B. Upon determining the business meets the eligibility requirements of  
28 R.S. 51:3112, the secretary may request board approval of a contract providing  
29 for such participation on terms and conditions specified by the secretary.

1           **§3114. Contract administration; rebate**

2                   **A.(1) Upon approval by the board, the secretary shall execute the**  
3                   **contract with the business, and provide a copy to the Department of Revenue**  
4                   **prior to the payment of any benefits under the contract.**

5                   **(2) No new contract shall be approved on or after July 1, 2017, but**  
6                   **contracts existing on that date may continue and be renewed.**

7                   **B. The contract shall provide a rebate to the qualified business of twenty-**  
8                   **five percent of relocation costs, and shall include the following provisions:**

9                           **(1) The maximum amount of qualifying relocation costs.**

10                           **(2) The number of headquarters jobs and associated payroll to be**  
11                           **created and maintained, and any other performance obligations deemed**  
12                           **appropriate by the secretary.**

13                           **(3) The reduction of annual rebate payments if performance obligations**  
14                           **are not met.**

15                   **C. The qualified business shall submit to the department, at least**  
16                   **annually but no more often than monthly, a certified cost report reasonably**  
17                   **documenting its relocation costs, including supporting documentation as**  
18                   **required by the department.**

19                   **D. The rebate shall be payable in equal installments over a five year**  
20                   **period, to be paid after the business files an annual certification of performance**  
21                   **and the department determines the extent of compliance with contractual**  
22                   **obligations. Annual payments shall be reduced and forfeited for failure to meet**  
23                   **performance obligations, as provided in the contract. Rebate amounts within**  
24                   **the annual limit that are not paid in one year may be carried over and paid in**  
25                   **a subsequent year, in addition to that year's limit.**

26                   **E. The department may obtain, at the expense of the qualified business,**  
27                   **a certified limited scope audit by an independent certified public accountant, in**  
28                   **accordance with applicable auditing standards generally accepted in the United**  
29                   **States, of all books and records of the business relating to its eligibility and**

1 **performance obligations under the program.**

2 **F. Upon approval of the application for annual rebates, the department**  
 3 **shall send a certification letter to the Department of Revenue for payment of the**  
 4 **rebate containing the proper entity to which the rebate should be issued and the**  
 5 **amount of the rebate to be issued. The Department of Revenue may require the**  
 6 **business to submit any such additional information as may be necessary to**  
 7 **properly issue the rebate. Payment shall be made from the current collections**  
 8 **of the taxes imposed by Title 47 of the Louisiana Revised Statutes of 1950, as**  
 9 **amended.**

10 **G. A taxpayer shall not receive any other incentive administered by the**  
 11 **Department of Economic Development for any expenditures for which the**  
 12 **taxpayer has received a rebate pursuant to this Section.**

13 **§3115. Rules**

14 **The department may promulgate rules and regulations after approval**  
 15 **of the House Committee on Ways and Means and the Senate Committee on**  
 16 **Revenue and Fiscal Affairs meeting jointly within forty-five days of the**  
 17 **publication of such proposed rules and regulations in the State Register.**

18 Section 2. This Act shall become effective on July 1, 2012; if vetoed by the governor  
 19 and subsequently approved by the legislature, this Act shall become effective on July 1,  
 20 2012, or on the day following such approval by the legislature, whichever is later.

---

The original instrument and the following digest, which constitutes no part  
 of the legislative instrument, were prepared by Riley Boudreaux.

---

DIGEST

Riser (SB 567)

Proposed law creates the Corporate Headquarters Relocation Program which grants to a "qualified business" a contract to receive relocation rebate of 25% of "relocation costs" to relocate or expand its "headquarters" in a location within Louisiana.

"Relocation costs" is defined as actual, direct and substantiated costs incurred by the qualified business to relocate a headquarters to the state, including capital expenditures and leasing costs for a facility and equipment, and personnel relocation costs. Personnel relocation costs are limited to costs associated with no more than 60% of headquarters jobs. Relocation costs also include capital expenditures and leasing costs for expansion of a headquarters facility in the state, excluding personnel relocation costs. Relocation costs are limited to the maximum amount provided by the contract executed.

"Qualified business" is defined as a business that (i) the secretary has determined meets the eligibility requirements below, (ii) has been approved by the board to participate in the program, and (iii) has executed a contract with the department governing its participation in the program.

A business is eligible to participate in the program if the following criteria are met:

1. The business is relocating a headquarters to the state, or is expanding a headquarters in the state. "Headquarters" is defined as a principal or regional corporate office located or to be located in Louisiana, in which are based the principal or regional executive officers normally constituting a principal or regional headquarters providing corporate governance. Such officers include but are not limited to chief executive officer, chief operating officer, and other senior level officers or appropriate regional equivalents.
2. The secretary determines that participation in the program will be a significant factor in a highly competitive site selection situation to encourage the business to relocate or expand the headquarters in the state.
3. The secretary determines that securing the project will result in a "significant positive economic benefit" to the state. "Significant positive economic benefit" is defined as net positive tax revenues to be generated as a result of the project taking into account direct, indirect, and induced impacts based on standard economic impact methodology utilized by DED and the value of the rebate and any other state tax and financial incentives that are used by the department to secure the qualified business.
4. Relocation or expansion of the headquarters will create a minimum of 25 headquarters jobs. "Headquarters jobs" is defined as permanent, full-time, new executive, administrative, or professional jobs based at a "headquarters" and filled by residents of the state employed by a qualified business, that each job pay at least \$60,000 per year or 200% of the average annual wages paid by employers subject to the Louisiana Employment Security Law in the parish in which the headquarters is located, whichever is lower.

Proposed law allows a business to apply for the program at the invitation of the secretary of DED. Once DED determines that the business meets the eligibility requirements of the program the secretary may request Board of Commerce and Industry approval of the contract. The contract must contain the following information:

1. The maximum amount of qualifying relocation costs.
2. The number of headquarters jobs and associated payroll to be created and maintained, and any other performance obligations deemed appropriate by the secretary.
3. The reduction of annual rebate payments if performance obligations are not met.

Proposed law provides that no new contracts may be approved on or after July 1, 2017, but contracts existing on that date may continue and be renewed.

Proposed law requires the qualified business to submit certified cost reports reasonably documenting relocation costs, including supporting documentation as required by the department.

Proposed law states that the rebate is payable in equal installments over a five-year period. Annual payments must be reduced and forfeited for failure to meet performance obligations, as provided in the contract.

Proposed law allows the department to obtain a certified limited scope audit performed by an independent CPA at the expense of the qualifying business. The audit shall be performed in accordance with applicable auditing standards generally accepted in the United States, of all books and records of the business relating to its eligibility and performance obligations under the program.

Proposed law requires DED to notify the Department of Revenue of the amount of the annual rebate payment due. Upon approval of the application for the annual rebate, a certification letter is sent to the Department of Revenue for payment of the rebate containing the proper entity to which the rebate should be issued and the amount of the rebate to be issued. The DOR may require the business to submit additional information necessary to properly issue the rebate. The rebate is made from the current collections of the taxes imposed by Title 47.

Proposed law states that a taxpayer who participates in this program is not allowed to receive any other incentive administered by the DED for any expenditures for which the taxpayer has received a rebate pursuant to this program.

Proposed law allows DED to promulgate rules and regulations after approval of the House Ways and Means and Senate Revenue and Fiscal Affairs meeting jointly within 45 days of their publication in the State Register.

Effective July 1, 2012.

(Adds R.S. 51:3111-3115)

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill.

1. Prohibits granting new contracts on and after July 1, 2017, but allows contracts existing on that date to continue and be renewed.
2. Defines "significant positive economic benefit" which the secretary must find in order to grant the rebate to the business relocating or expanding headquarters.
3. Changes the amount of personnel relocation costs which may be included in the "relocation costs" upon which the rebate is based from 40% of such personnel relocation costs to 60% of such personnel relocation costs.
4. Changes the procedure by which DED may promulgate regulations from that which is in the APA to committee approval prior to adoption of the regulations at a joint meeting within 45 days of their publication in the State Register.
5. Specifies that the Department of Revenue must receive a copy of an executed contract from DED prior to the payment of any benefits to a business under the contract.
6. Requires DED to send a certification letter to DOR upon contract approval containing the proper entity to which the rebate should be issued and the amount of the rebate to be issued.
7. Authorizes DOR to require the business to submit any additional information necessary to properly issue a rebate.

8. Specifies payment of the rebate from current collections of all the taxes imposed by Title 47, not just income and franchise tax.