



LIDEA LEGISLATIVE WRAP-UP

The Good, the Bad and Ugly

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Chair of Legislative Committee


The Louisiana Industrial Development Executives Association 

The Good

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Retention and Modernization Act SB 252 (Act 447)

- 5% Refundable Tax Credit for Modernization Expenses;
- Spread over 5 years;
- \$ 10,000,000 Annual Cap;
- Earned when project is placed in service;
- Applies to projects placed in service after 7/1/2011.

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Retention and Modernization Act SB 252 (Act 447)

- Modernization-capitalized investment in technology, machinery, building and/or equipment;
- Must result in increase in capacity or efficiency of 10 %, or;
- Company with multi-state operations with competitive capital project program;
- Program is optional-LED has broad discretion.

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R& D Tax Credit HB 790 (Act 477)

- Converted Credit to a Refundable Credit
- 8 % for employers of with 100 or more employees;
- 20 % for employers with 50-99 employees;
- 40% for employers with less than 50 employees;
- Extended sunset to 12/31/2013.

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Digital Interactive Media Tax Credits SB 277 (Act 454)

- Removed the Sunset;
- For productions after 7/1/2009:
 - 25% tax credit on Base investment
 - 10 % additional credit on payroll
- Clarified and Expanded Definitions
 - “Digital”
 - “Interactive”
 - “Media”

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Motion Picture Tax Credits HB 898 (Act 478)

- Removed Sunset
- Removed future Infrastructure projects
- Increased base investment credit from 20 % to 30%;
- Decrease extra credit from payroll from 10% to 5%

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Other Entertainment Tax Credits

- Sound Recording Investor Tax Credits HB 458 (Act 475)
 - Extended Sunset
 - Removed future Infrastructure projects
 - Display a State Brand
- Musical & Theatrical Tax Credits HB 798 (Act 465)
 - Removes DOA and Governor's office;
 - Adds application fee;
 - Dedicates fees to marketing fund;
 - Adds provisions for multi-use facilities
 - Cleans up some definitions

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Ports Tax Credit HB 215 (Act 474)

- Investor Tax Credit
 - 100% Tax Credit, not transferable;
 - 5% per year;
 - Requires a CEA;
 - DOA, LED AND JLCB approval.
- Cargo Tax Credit
 - \$5 per ton
 - Must be revenue neutral to State

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Other Important Tax Changes

- Elimination of Cap Gains HB 106 (Act 457);
- Phase out of sales tax on tangible property consumed in the manufacturing process HB 818 (Act 466);
- Eliminated the \$10 minimum franchise tax HB 618 (Act 476);
- Provide for Annual Caps will be on a first come first serve basis SB 160 (Act 445).

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Important Study Groups

- Commission on Streamlining Government
- Commission on Higher Education
- Commission on Articulation and Transfer


The Bad

Bills that did not pass - and those that did

- Angel Investor Credit Sunsets 12/31/2009;
- Commercialization Tax Credit not per year, but cumulative;
- Venture Capital Tax Credit did not pass;
- Human-Hybrid Ban did pass SB 115 (Act 108).


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The Ugly

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The Budget

- LED received the largest cut of any State Agency;
- LEDC dedicated funds were used for operations and less that \$ 3.7 million available for standard programs;
- Tier 2 Grants Eliminated;
- New Orleans GMP Eliminated and Wet-labs cut by 50%.

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The Budget

- No new money in Mega Fund;
- Only \$10 million new money in Rapid Response;
- Only \$ 7.2 million new money in EDAP.

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Details of Budget

	EXISTING BUDGET			
	AS OF 2/1/09	FY 09/10	DIFFERENCE	%
General Fund	35,251,580	16,564,015	(18,687,565)	-53.01%
Self-Generated	2,906,381	2,869,797	(36,584)	-1.26%
Statutory Dedications	111,419,576	63,969,176	(47,450,400)	-42.59%
Federal Funds	2,826,246	-	(2,826,246)	-100.00%
Interagency Transfers	122,249,122	1,681,104	(120,568,018)	-98.62%
TOTAL MEANS OF FINANCING	274,652,905	85,084,092	(189,568,813)	-69.02%
Summary of Significant Changes	FY 08/09	FY 09/10	DIFFERENCE	
Non-Recurring Carryforwards	149,478,754	-	(149,478,754)	
International Paper	3,000,000	-	(3,000,000)	
LA Immersive Technologies Enterprise (LITE)	750,000	-	(750,000)	
Economic Development Administration-Federal Grants	2,525,000	-	(2,525,000)	
Governor's Rapid Response Program	44,744,876	27,000,000	(17,744,876)	

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Details of Budget

Good Manufacturing Practices Facility (GMP)-Gene Therapy	1,300,000		(1,300,000)	
Wet Lab Incubators (Baton Rouge, New Orleans, Shreveport)	5,308,410	2,654,206	(2,654,204)	
Financial Assistance-LEDC (Loan Guarantee/Venture Capital)	9,447,035	2,729,875	(6,717,160)	
Workforce Development and Training - Traditional	2,500,000	-	(2,500,000)	
Workforce Development and Training - Entertainment	2,000,000	1,500,000	(500,000)	
Regional Awards and Matching Grants - Tier 1	2,316,000	1,827,502	(488,498)	
Regional Awards and Matching Grants - Tier 2	1,634,000	-	(1,634,000)	
Project Specific Site Preparation/Evaluation	2,000,000	500,000	(1,500,000)	
Small and Emerging Business Development Program	608,000	800,000	192,000	
Small Business Development Centers	788,522	1,000,000	211,478	
Small Business Bonding Program	5,659,508	5,957,377	297,869	
LA Business Incubators	300,000	400,000	100,000	
LSU/LA Business & Technology Centers	341,426	440,000	98,574	
New Orleans Cold Storage	1,000,000	1,000,000	-	
Electronic Arts	-	113,000	113,000	
Total	235,701,531	45,921,960	(189,779,571)	