

## **LOUISIANA TAX INCENTIVES**

The state and its subdivisions have authority to offer a number of business incentives to encourage economic development.

### **Louisiana Enterprise Zone Program**

The Louisiana Enterprise Zone Program provides tax credits and rebates. The program includes a \$2,500 tax credit for each net new permanent job created during the first five years of operation. The credit can be applied to reduce the business's state corporate income and corporate franchise taxes.

Also, the program provides a rebate of the state's 4% sales/use tax on the purchase of materials used in the construction of the business and the purchase of machinery and equipment during the construction period and used exclusively on site.

In addition, local authorities are permitted to rebate any portion of the local sales/use taxes not dedicated to the local school district or the service of bond indebtedness.

### **Industrial Property Tax Exemption Program**

The Industrial Property Tax Exemption Program abates local property taxes on a manufacturer's investment for ten years. The abatement applies to all buildings, machinery and equipment, and other property that is part of the manufacturing process and remains on the plant site at all times. Improvements to the land, but not the land itself, are also exempt. The program also allows the same relief of property taxes on miscellaneous capital additions incurred after construction of the plant.

### **Louisiana Inventory Tax Credit Program**

Under the Louisiana Inventory Tax Credit Program, the state provides businesses a credit for the inventory taxes paid to the local parish. This credit can be applied against their state corporate income and/or corporate franchise taxes. Any allowable credit which exceeds the corporate income and/or corporate franchise tax liability will be refunded.

### **Quality Jobs Program**

The Quality Jobs Program rebates up to 6% of a qualifying company's gross annual payroll associated with the new direct jobs created by the project for up to ten years. Participation in the Quality Jobs Program is mutually exclusive to participation in Louisiana's Enterprise Zone Program. The Quality Jobs Program also rebates the state sales/use tax on materials purchased for new infrastructure, machinery, and equipment purchased during the construction period and used exclusively on site. A portion of the local sales/use tax is available for rebate with a resolution from the local governing authority.

**Louisiana's Economic Development Award Program** is not a tax incentive, but it does provide important benefits for a prospective company. The program provides funds to finance publicly owned infrastructure for industrial or business development projects.

Under this program, a contract will be executed between the Louisiana Department of Economic Development, the sponsoring entity (political subdivision) and the company.

Eligible project costs may include, but not be limited to, engineering expenses, site acquisition and preparation, construction expenses, building materials, and capital equipment. The portion of total project costs financed by the award may not exceed 50% of all project cost. The award amount shall not exceed 25% of the total funds available to the program during a fiscal year.

**Louisiana Workforce Development and Training Program** provides for customized workforce training for prospective companies, existing companies operating in Louisiana 3 years or less or expanding their current operation into another area of the state. This program provides two types of training assistance -- pre-employment skill development training and on-the-job, skill improvement training for existing workers. The program provides financial assistance in the form of reimbursements of eligible training costs, including instruction costs, travel costs, and training materials and supplies costs. The state can also provide assistance with recruiting and screening employment applicants.

### **Renewal Communities**

The federal government, under HUD, has designated a number of communities around the country as renewal communities. Louisiana has two -- one in the Greater New Orleans area and one that covers many parishes in the northern half of the state. There are a number of programs benefit for which Project can apply.

Work Credit against federal income taxes equal to 15% of each qualified employee's first \$10,000 of annual salary, or a maximum of \$1,500, each year for as long as the community holds its RC designation. A qualified employee is one that works and lives within the Renewal Community.

Additional benefits of the Renewal Community program include accelerated depreciation schedules and zero capital gains on the sale of assets held at least five years.