

# LOUISIANA INCENTIVES *for business*

The Louisiana Department of Economic Development Incentives Division administers many of the business incentive programs offered by the state. Please find below a description of each program. See the web site listed for eligibility requirements and forms to complete.

## **Quality Jobs Program**

Louisiana's Quality Jobs Program grants businesses engaged in manufacturing or other basic industries cash rebates up to 6 percent of annual gross payroll. Qualifying companies must have a minimum annual payroll of \$500,000 (\$250,000 for less than 50 employees), pay wages of 1.75 times the minimum wage, and provide 85 percent insurance coverage. The program can be used in conjunction with the Industrial Property Tax Exemption Program.

[www.lded.state.la.us/businessresources/qualityjobprog.aspx](http://www.lded.state.la.us/businessresources/qualityjobprog.aspx)

## **Industrial Property Tax Exemption Program**

Louisiana's Industrial Property Tax Exemption Program exempts new manufacturing facilities and expansions from state, parish and local property taxes for up to 10 years. Program benefits can be combined with those of other programs, such as the Enterprise Zone or Quality Jobs programs.

[www.lded.state.la.us/businessresources/industrialtaxexemp.aspx](http://www.lded.state.la.us/businessresources/industrialtaxexemp.aspx)

## **Enterprise Zone Program**

Louisiana's Enterprise Zone Program provides tax credits and other incentives to businesses hiring from within officially designated Enterprise Zones. EZs are urban or rural areas of high unemployment, low income, and/or where a large number of residents are receiving some form of public assistance.

[www.lded.state.la.us/businessresources/enterprisezones.aspx](http://www.lded.state.la.us/businessresources/enterprisezones.aspx)

## **Economic Development Assistance Program (EDAP)**

This program, administered by the Louisiana Department of Economic Development, provides grants for publicly owned infrastructure to assist industrial or business development projects that promote economic development and that require state assistance.

[www.lded.state.la.us/businessresources/edap.aspx](http://www.lded.state.la.us/businessresources/edap.aspx)

## **Restoration Tax Abatement Program**

The program provides 10-year property tax abatement on the improvements made to commercial and residential properties in designated downtown development districts, economic development districts and historic districts.

[www.lded.state.la.us/businessresources/restorationtaxabate.aspx](http://www.lded.state.la.us/businessresources/restorationtaxabate.aspx)

Most of Louisiana's tax credit programs are administered by the Louisiana Department of Revenue. A booklet outlining the eligibility requirements and forms is available on-line at:

[www.rev.state.la.us/forms/publications/6600\(4\\_04\).pdf](http://www.rev.state.la.us/forms/publications/6600(4_04).pdf)

## **Sales and Use Tax Exemption**

Louisiana businesses receive an exemption of the 5 percent state sales, use, lease and rental tax on eligible machinery and equipment purchased in the state. The tax will be phased out gradually through 2010.

## **Inventory Tax Credit**

The Inventory Tax Credit provides a 100 percent refundable tax credit against state corporate income and franchise taxes for inventory taxes paid to political subdivisions.

## **Corporate Jobs Tax Credit Program**

The Corporate Jobs Tax Credit Program provides credits of up to \$225 per new worker. The credits

can be used to satisfy state corporate income taxes and are an alternative to the benefits of the state's Industrial Property Tax Exemption program and Enterprise Zone Program benefits.

## **Research & Development Tax Credit Program**

Companies claiming federal income tax credit for research activities are able to claim credit against state income and corporation franchise taxes up to 8 percent of the state's apportioned share of increased research and development expenses or 25 percent of its apportioned share of federal research credit claimed under 26 USCA §41 (alternative incremental tax credit) The income tax program will begin in 2003 and the franchise tax program will begin in 2004.

## **Technical Commercialization Credit Program**

Companies partnering with Louisiana universities can claim an annual 15 percent credit against the costs of investment in machinery, equipment and expenditures associated with obtaining rights for the use of technology, including patents, copyrights, licenses and the leasing of equipment for an initial four-year program time. Businesses in identified traditional or seed clusters with no more than 225 employees and not less than 75 percent of all employees residing in Louisiana can sell tax credits for 75 percent of value amount to another Louisiana taxpayer.

## **Biotechnology Sales/Use Tax Exemption**

Under the plan, equipment classified under the NAICS biotechnology category will be exempt from all state and local sales/use taxes.



### **Customized Software Tax Phaseout**

Customized software developers in Louisiana are exempt from state sales and use taxes (local is optional). The tax exemption will be phased beginning with a 25 percent exemption in July 2002 to June 2003, with an additional 25 percent over the succeeding four years up to June 2005.

### **Film and Video Production Tax Credit**

This program allows tax credits on a percentage of production costs associated with motion picture production companies producing nationally distributed movies, videos, commercials, television series, etc. It provides 10 percent for spending of \$300,000 to \$1,000,000 and 15 percent over \$1 million.

### **Film and Video Sales Tax Exemption**

This program allows exclusion of state sales taxes on items purchased for film projects investing more than \$250,000 in the state during a 12-month period with advance exemption. Does not include exclusion of local tax.

### **Automotive and Aerospace Industry Tax Credit**

The program provides a \$5,000 one-time income tax credit per new job for companies that participate in the Enterprise Zone program in the automotive and aerospace industries.

Louisiana and its communities will also consider a customized incentive plan for new and/or existing businesses wanting to create jobs and investment in the state.

### **Rural Tax Increment Financing**

The Rural TIF Program allows parishes or municipalities with a population of at least 250,000 the ability to offer tax increment financing on sales, use, property and hotel occupancy taxes.

### **Cooperative Endeavor Agreements**

This program allows the use of public funds for cooperative endeavor agreements for economic development projects to be used on privately owned land or buildings.

### **Tax Equalization**

Louisiana will match the tax rates of a competing state to retain a business in the state. Approval by the LA Legislature is required.

### **Industry Assistance Program**

Financially distressed companies anticipated to close in the state might be eligible for tax relief. Approval by the Louisiana Legislature is required.

**Louisiana has two strong workforce development training funds for new and existing businesses.**

### **Workforce Development & Training Program**

This program provides funding for customized workforce training programs, if all qualifications are met, to improve the competitiveness and productivity of Louisiana's workforce and business community and to assist Louisiana businesses in promoting employment stability.

**[www.lded.state.la.us/businessresources/workforcetraining.aspx](http://www.lded.state.la.us/businessresources/workforcetraining.aspx)**

### **Incumbent Worker Training Program**

Louisiana has a \$50 million fund to upgrade the skills of existing or train new employees of resident industry. Local workforce investment boards (WIBs), technical colleges and the Louisiana Department of Labor work to provide this benefit.

**[www.laworks.net/forms/IWT/IWTP\\_SBET\\_Overview.pdf](http://www.laworks.net/forms/IWT/IWTP_SBET_Overview.pdf)**

## **FEDERAL PROGRAMS**

### **Renewal Community (RC)**

The U.S. Housing and Urban Development (HUD) program provides federal tax credits of \$1,500 per new or existing employee, in addition to other benefits such as low interest financing, capital gains and more.

Louisiana has four RCs. See the RC web site at **[www.renewallouisiana.com](http://www.renewallouisiana.com)**. Benefits expire on December 31, 2009.

## **FINANCIAL ASSISTANCE**

### **Louisiana Economic Development Corporation (LEDC)**

The Louisiana Economic Development Corporation (LEDC) was established in July 1988 by an act of the Louisiana Legislature. LEDC serves as the one reviewer and administrator of the Department of Economic Development's loan, guaranty and grant programs. LEDC administers several programs for small Louisiana businesses, ranging from loan guarantees to venture capital.

**[www.lded.state.la.us/businessresources/ledc.aspx](http://www.lded.state.la.us/businessresources/ledc.aspx)**

### **Louisiana Project Equity Fund**

Louisiana Project Equity Fund is a new financing program created by the Louisiana Department of Economic Development (LDED) to assist small businesses in purchasing capital equipment and accompanying inventory and/or technology for enhanced production. The program is administered by the Louisiana Economic Development Corporation.

### **Louisiana Public Facilities Authority**

The Louisiana Public Facilities Authority is a private publicly-funded corporation that administers Industrial Revenue Bonds (IRBs) for businesses expanding or relocating to Louisiana.

**[www.lpfa.com/](http://www.lpfa.com/)**