

## **Incentives**

The State of Louisiana offers several business incentives which is listed below with a brief explanation. **For all incentives, an advance notification form and fees must be completed prior to beginning construction, hiring or purchasing equipment.** For more detailed information, these incentives can be found at [www.lded.state.la.us](http://www.lded.state.la.us) or the staff at Southwest Louisiana Partnership for Economic Development can assist you with the research and application process.

**Automotive and Aerospace Industry Tax Credit**—Provides a \$5,000 one-time tax credit per new job for companies in the automotive and aerospace industries that participate in the state's Enterprise Zone program.

**Biotechnology Sales/Use Tax Exemption**—Equipment classified under the NAICS biotechnology category will be exempted from all state and local sales and use taxes.

**Corporate Jobs Tax Credit**—Provides credits of up to \$225 per new worker. The credits can be used to satisfy state corporate income 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 in until 100 percent is exempted beginning in July 2005.

**Economic Development Award Program**—Grants for publicly owned infrastructure to assist industrial or business development projects, with a minimum of \$25,000.

**Enterprise Zone Program**—Provides tax credits and other incentives to businesses locating in officially designated Enterprise Zones. The program offers tax credits of \$2,500 per new job and state sales tax rebates on purchases of materials and equipment during the construction phase.

**Freeport Law**—Manufacturers bringing raw materials into the state do not pay taxes on them if the goods are held on public property of a port, docks of the common carrier in which they entered the state, or held in public or private storage in their original containers or for raw materials or bulk. Tax exemptions are also allowed for items held for export outside the state and for goods that are in transit through the state IN interstate commerce, if the point of origin and final destination are both outside of Louisiana and the goods remain in original containers.

**Incumbent Worker Training Program**—Louisiana has a \$50 million fund to upgrade the skills of existing workers or to train new employees of resident industry. Local workforce investment boards, technical colleges and the LA Department of Labor work together to provide this benefit.

**Industrial Tax Exemption**—New manufacturing operations and expansions are eligible for a five-year exemption from property taxes on buildings, equipment and machinery. May be renewed for an additional five-year exemption.

**Inventory Tax Credit**—Manufacturers and distributors receive a credit against state corporate income and franchise taxes for the amount of their local inventory taxes.

**Micro Loan Program**—Leverages loans to qualified small businesses, minority-owned, women-owned and disabled-owned businesses in Louisiana on participation or guaranty basis with commercial lending institutions and licenses, up to \$50,000.

**Quality Jobs Program**—Grants businesses engaged in manufacturing or other basic industries cash rebate up to 6 percent of its 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 the minimum wage, and provide 85 percent insurance coverage. This program also rebates sales taxes paid on materials and equipment purchased during the construction phase of the project.

**Qualified Recycling Equipment**—Purchases made of qualified recycling equipment to be used in Louisiana shall be entitled to a credit against any income and franchise tax liability in an amount equal to 20 percent of the cost of the recycling equipment less than the amount of any other tax credits received for the purchase of such equipment.

**Research & Development Tax Credit Program**—Companies claiming Federal income tax credit for research activities will now be able to claim credit against state income and corporation franchise taxes. The Income Tax program will begin in 2003 and the Franchise Tax program will begin in 2004.

**Restoration Tax Abatement Program**—Provides a 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.

**Small Business Loan Program**—Leverages loans to qualified small businesses, minority-owned, women-owned and disabled-owned businesses in Louisiana on participation or guarantee basis with commercial lending institutions and licenses, up to \$700,000.

**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 their value to another Louisiana taxpayer.

**University Research and Development Parks**—Businesses may be granted rebates for state and local taxes on machinery and equipment used in an R&D park in association with an accredited university.

**Venture Capital Co-Investment Program**—Venture capital funds with at least \$7.5 million under their management and at least five years experience in venture capital activities are eligible to participate. A 25 percent co-investment from the Louisiana Economic Development Corporation for Louisiana businesses, not to exceed 25 percent of the total venture capital investment with a maximum of \$500,000.

**Workforce Development and Training Program**—Provides funding for customized workforce training programs to improve the competitiveness and productivity of Louisiana's workforce and business community and to assist Louisiana businesses in promoting employment stability.

Source: *Louisiana Department of Economic Development*