

BUSINESS INCENTIVES PRACTICE

MAJOR INCENTIVE PROGRAMS LOUISIANA

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The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

LOUISIANA’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOBS	INCENTIVES
EPIC Piping	\$45.3	560	\$1.8
Hunting Energy Services	\$62.0	20	\$0.8
American Specialty Alloys	\$1,200.0	1,450	\$34.0
Westlake Chemical Corporation	\$330.0	25	\$2.5
Renaissance RX	\$8.0	425	\$0.9
NFR BioEnergy	\$312.0	450	\$0.5
Viridia	\$60.0	81	\$1.0
Flying Tiger Aviation	\$0.9	21	\$0.6
Bell Helicopter	\$11.4	115	\$8.0
Stepan	\$70.0	33	\$0.5
Yuhuang Chemical	\$1,850.0	400	\$10.3
Centric Pipe	\$32.5	82	\$2.0

OVERVIEW OF MAJOR LOUISIANA INCENTIVE PROGRAMS

ECONOMIC DEVELOPMENT AWARD PROGRAM (EDAP)

The purpose of the Economic Development Award Program (EDAP) is to assist publicly owned infrastructure for industrial or business development projects that promote targeted industry economic development and that require state assistance for basic infrastructure development. The program provides a minimum of \$50,000 for publicly owned infrastructure for industrial or business development projects.

Eligible applicants are public or quasi-public state entities or political subdivisions of the state, along with a private company who will be the primary beneficiary of the award. Preference will be given to projects for industries identified by the state as target industries and to projects located in areas of the state with high unemployment levels. Project must create or retain at least 10 permanent jobs in Louisiana. Eligible project costs may include, but are not limited to: engineering and architectural expenses, site acquisition, site preparation, construction expenses, building materials and capital equipment.

MODERNIZATION TAX CREDIT

The Modernization Tax Credit program provides a 5% refundable state tax credit for manufacturers making capital investments to modernize or upgrade existing facilities in Louisiana. The one-time tax credit can be taken over a five-year period (1% per year for five years) for manufacturers making qualified capital investments of at least \$5 million. To qualify for the program, a company must meet one of the following criteria:

- Modernization helps improve entire facility's or specific unit's efficiency by greater than 10%, or
- The facility is in competition for capital expenditures within a company's established, competitive capital expenditure budget plan

There is a \$10 million annual statewide cap on the program in credits awarded to projects. Any unused credits can be rolled into the next calendar year. Projects determined to have the highest economic impact by Louisiana Economic Development will be awarded pre-certification credits on a rolling basis. Pre-certification is required prior to final award of credits, which are awarded only when the project has been placed in service. Only projects placed in operation on or after July 1, 2011 can qualify for the program.

QUALITY JOBS PROGRAM

The Quality Jobs (QJ) Program is an incentive to encourage businesses to locate and/or expand existing operations in Louisiana and create quality jobs focusing on Louisiana Vision 2020 traditional and seed cluster industries.

Louisiana shows an average deal value of \$3.74 million with 91 new jobs created per deal

To qualify a business must be in one of six Vision 2020 cluster industries, including but not limited to: Biotechnology and Biomedical, Micro-manufacturing, Software, Internet & Telecommunications, Environmental Technology, Food Technology, and Advanced Materials. Participation in the Quality Jobs Program excludes the use of the Enterprise Zone Program.

In order to qualify for the program, a business must also:

- Create a minimum of five net new jobs within three years of the contract start date;
- Net new jobs must be full time, (full-time employees - 30 hours per week); and,
- Net new jobs must be provided a basic health benefit plan/health insurance coverage.

There is also a minimum wage requirement for new direct jobs. Additionally, the minimum annual gross payroll requirements for an employers are as follows:

- 50 or fewer employees state-wide prior to the start date of the contract, the minimum annual payroll threshold for new direct jobs is \$250,000; and,
- More than 50 employees statewide prior to the start date of the contract, the minimum annual payroll threshold for new direct jobs is \$500,000.

The benefits of the program include:

- A rebate of State Sales/Use Tax on materials purchased for new infrastructure, machinery, and equipment purchased during the construction period and used exclusively on site. The rebate period cannot exceed 30 months.
- A portion of the Local Sales/Use Tax is available for rebate with an Endorsement Resolution from the local governing authority.

In lieu of the 4% sales tax rebate and the local rebate, the contract holders can opt for a 1.5% Investment Tax Credit (ITC). The ITC is a credit equal to 1.5% of capitalized investment (for Federal Income Tax purposes) minus cost of land, interest, existing building acquisition costs, and the portion of manufacturing equipment that is exempt under Sales/Use tax laws.

RESTORATION TAX ABATEMENT (RTA)

The Restoration Tax Abatement (RTA) Program is an incentive created for municipalities and local governments to encourage the expansion, restoration, improvement, and development of existing structures in Downtown Development Districts, Economic Development Districts, or Historic Districts.

Those eligible include commercial property owners and homeowners, who expand, restore, improve, or develop an existing structure in Downtown Development Districts, Economic Development Districts, or Historic Districts; also eligible are applicants whose structure is listed on the National Register of Historic Places.

The program grants a 5-year deferred assessment of the ad valorem property taxes assessed on renovations and improvements. RTA contracts may be renewed for a second 5 years if approved by the local governing authority. Commercial property owners and homeowners who expand, restore, improve, or develop an existing structure in a qualifying district, after completion of the work, pay ad valorem taxes based on the assessed valuation of the property just prior to the beginning of the improvements. The tax abatement is not available if property taxes have been paid on the improvements made by the project. If the property is sold, the contract may be transferred, subject to local government and Board approval.

LOUISIANA FASTSTART™

FastStart™ provides customized employee recruitment, screening, training development and training delivery for eligible, new or expanding companies – all at no cost.

OTHER LOUISIANA INCENTIVE PROGRAMS

- Mega-Projects Development Fund
- Corporate Headquarters Relocation Program
- Small Business Loan Program
- Research & Development Tax Credit
- Digital Interactive Media & Software Development Incentive
- Motion Picture Investor Tax Credit
- Technology Commercialization Credit Jobs Program
- Competitive Projects Tax Exemption
- Enterprise Zone Program
- Industrial Tax Exemption
- Live Performance Tax Credit
- Sound Recording Investor Tax Credit
- Corporate Tax Apportionment Program
- Competitive Projects Payroll Incentive
- Angel Investor Tax Credit

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