



LOUISIANA
DEPARTMENT
of **REVENUE**

Return on Investment Analysis

FOR SELECTED LOUISIANA TAX INCENTIVE PROGRAMS

2025

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EXECUTIVE SUMMARY

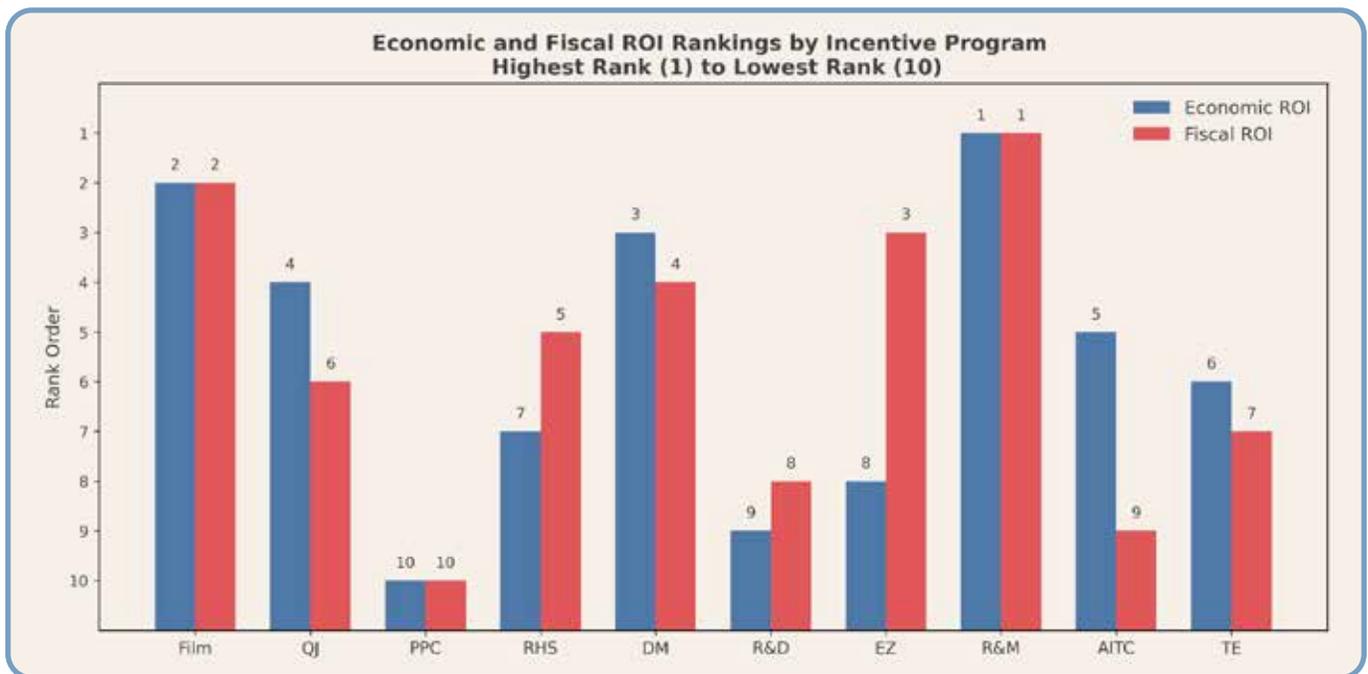
Louisiana Revised Statute 47:1517.1 requires the Louisiana Department of Revenue (LDR) to “perform a comprehensive return on investment analysis for all tax incentives for which the revenue loss was \$1 million or more in the previous fiscal year.”

Return on investment (ROI) is a measure of the profitability of an investment widely used by businesses and government. There are two types of ROI discussed in this report, Economic ROI and Fiscal ROI. Economic ROI is the net economic benefit for the Louisiana economy observed in the state gross domestic product (GDP), whereas Fiscal ROI is the net fiscal benefit for the Louisiana state budget observed in state tax revenues.

This report serves as LDR’s comprehensive analysis of the return on investment of 10 of Louisiana’s largest incentive programs that had a revenue loss of \$1 million or more in Fiscal Year 2024 (FY 2024).

The ROI analysis outlines the Economic and Fiscal ROI of the following tax incentives granted during Fiscal Year 2024. The tax incentives are organized below by total value from greatest to least:

1. Motion Picture Investor Tax Credit (Film)
2. Louisiana Quality Jobs Program (QJ)
3. Procurement Processing Company Rebate Program (PPC)
4. Rehabilitation of Historic Structures (RHS)
5. Digital Interactive Media and Software Tax Credit (DM)
6. Research and Development Tax Credit (R&D)
7. Enterprise Zone Program (EZ)
8. Retention and Modernization Credit (R&M)
9. Angel Investor Tax Credit (AITC)
10. Industrial Tax Equalization Program (TE)



The graph above illustrates the ranking of different incentive programs according to their Economic and Fiscal ROI, with the rank order ranging from 1 to 10, where 1 represents the highest return on investment.

ECONOMIC & FISCAL ROI RESULTS

The analysis in this report employs an assumption of a balanced budget for government spending where a reduction in state revenues leads to a proportional decline in state expenditures to estimate the economic and fiscal impacts generated by the selected tax incentive programs by calculating the average annual expected state GDP and state revenue, Economic ROI, and Fiscal ROI.

In FY 24, 10 tax incentive programs provided \$1 million or more in incentives to qualifying businesses with a total cost of over \$422.22 million. These programs are expected to help grow Louisiana's economy by approximately \$574.17 million, however, the state only recoups approximately \$35.24 million. These programs have a net economic impact of approximately \$151.95 million whereas the state bears a net revenue loss of around \$386.98 million.

Return on Investment (ROI) of Tax Incentive Programs FY 2024		
Incentive Program	Economic ROI	Fiscal ROI
Motion Picture Investor Tax Credit (Film)	63.67%	-89.83%
Quality Jobs (QJ)	44.43%	-92.38%
Procurement Processing Company Rebate Program (PPC)	-14.43%	-94.17%
Rehabilitation of Historic Structures (RHS)	23.32%	-91.60%
Digital Interactive Media & Software Tax Credit (DM)	45.10%	-91.49%
Research & Development Tax Credit (R&D)	16.01%	-93.49%
Enterprise Zone Program (EZ)	22.37%	-91.45%
Retention & Modernization Credit (R&M)	239.30%	-75.86%
Angel Investor Tax Credit (AITC)	28.30%	-94.16%
Industrial Tax Equalization Program (TE)	27.36%	-92.80%

GENERAL OVERVIEW OF TAX INCENTIVES

The design and administration of tax incentive programs substantially shape the potential economic and fiscal returns to the state by affecting the location, hiring, and investment decisions of businesses. State governments aim to attract and increase business activity with economic development policies, including low business tax rates and increased tax incentives. These incentives target both new and existing businesses with special tax credits and rebates along with other financial benefits or services. The table below provides a general overview of tax incentive programs in which Louisiana invests \$1 million or more. This table outlines the administering agencies, the key industries targeted, and the programs' start and end dates.

General Overview of Selected Tax Incentive Programs			
Agency & Program	Major Industries	Effective	Sunset
Louisiana Economic Development (LED)			
Digital Interactive Media & Software Tax Credit (DM)	NAICS 51, 54	06/30/2005	N/A
Motion Picture Investor Tax Credit (Film)	NAICS 512	01/01/1993	7/1/2031
Retention & Modernization Credit (R&M)	NAICS 325, 313	08/15/2009	6/30/2025
Research & Development Tax Credit (R&D)	NAICS 55, 325, 327	12/31/2002 Income 12/31/2003 Franchise	12/31/2029
Industrial Tax Equalization Program (TE)	NAICS 42, 522	09/03/1989	6/30/2025
Angel Investor Tax Credit (AITC)	Individual Income Tax	01/01/2005	6/30/2026
Department of Revenue (LDR)			
Louisiana Quality Jobs (QJ)	NAICS 321, 325, 55	07/01/1995	6/30/2025
Enterprise Zones (EZ)	NAICS 311, 622, 721	09/11/1981	6/30/2025
Procurement Processing Company Rebate Program (PPC)	NAICS 561	07/01/2012	N/A
Department of Culture, Recreation, & Tourism			
Rehabilitation of Historic Structures (RHS)	NAICS 533, 42, 482	07/01/2002	12/31/2028

KEY FINDINGS FOR FY 2024:

- Louisiana's economy gains an annual average of \$574.17 million in state GDP with a net economic impact of \$151.95 million from the 10 business tax incentive programs identified in this report.
- Louisiana's fiscal budget is projected to have an annual revenue loss of \$386.98 million from the tax incentives issued under the 10 incentive programs included in this report. Of the \$422.22 million in total incentives issued for these programs in FY 2024, Louisiana recoups an annual average of \$35.24 million as tax revenue.
- **The Economic ROI (the net economic benefit for the Louisiana economy observed in the state GDP) for the selected programs ranked from highest to lowest are:**
 1. Retention & Modernization Credit (239.30%)
 2. Motion Picture Investor Tax Credit (63.67%)
 3. Digital Interactive Media & Software Tax Credit (45.10%)
 4. Quality Jobs (44.43%)
 5. Angel Investor Tax Credit (28.30%)
 6. Industrial Tax Equalization Program (27.36%)
 7. Rehabilitation of Historic Structures (23.32%)
 8. Enterprise Zone Program (22.37%)
 9. Research & Development Tax Credit (16.01%)
 10. Procurement Processing Company Rebate Program (-14.43%)

This means that the state economy measured by state GDP grows by \$2.39 for every \$1 spent on the Retention and Modernization Credit program after accounting for the program costs. Similarly, for every \$1 invested in Procurement Processing Company Rebate Program, the GDP increases by approximately 86¢.

- **The Fiscal ROI (the net fiscal benefit for the Louisiana state budget observed in state tax revenues) for the selected 10 programs ranked from the highest to the lowest are:**
 1. Retention & Modernization Credit (-75.86%)
 2. Motion Picture Investor Tax Credit (-89.83%)
 3. Enterprise Zone Program (-91.45%)
 4. Digital Interactive Media & Software Tax Credit (-91.49%)
 5. Rehabilitation of Historic Structures (-91.60%)
 6. Quality Jobs (-92.38%)
 7. Industrial Tax Equalization Program (-92.80%)
 8. Research & Development Tax Credit (-93.49%)
 9. Angel Investor Tax Credit (-94.16%)
 10. Procurement Processing Company Rebate Program (-94.17%)

This means that the programs return only 5.83% to 24.14% of the cost in state tax revenue. Said another way, for every \$1 spent, the state gets back only 5.8¢ to 24.1¢ in revenue. These results suggest that the selected tax incentive programs are not fiscally efficient and are not self-sustaining from a revenue perspective.

Fiscal and Economic Impact of Selected Tax Incentive Programs: FY 2024							
	Annual Tax Incentives	GDP/Value Added	Net Economic Impact	State Revenue	Tax Revenue Loss	Fiscal ROI	Economic ROI
FILM	\$132.44 M	\$216.77 M	\$84.32 M	\$13.47 M	\$118.97 M	-89.83%	63.67%
QJ	\$94.41 M	\$136.35 M	\$41.94 M	\$7.19 M	\$87.22 M	-92.38%	44.43%
PPC	\$80.60 M	\$68.98 M	-\$11.63 M	\$4.69 M	\$75.91 M	-94.17%	-14.43%
RHS	\$67.79 M	\$83.60 M	\$15.81 M	\$5.70 M	\$62.09 M	-91.60%	23.32%
DM	\$18.96 M	\$27.53 M	\$8.56 M	\$1.61 M	\$17.35 M	-91.49%	45.10%
R&D	\$14.45 M	\$16.76 M	\$2.31 M	\$941.16 K	\$13.51 M	-93.49%	16.01%
EZ	\$7.29 M	\$8.93 M	\$1.64 M	\$623.66 K	\$6.67 M	-91.45%	22.37%
R&M	\$3.43 M	\$11.64 M	\$8.20 M	\$828.03 K	\$2.60 M	-75.86%	239.30%
AITC	\$1.45 M	\$1.85 M	\$410.02 K	\$84.53 K	\$1.36 M	-94.16%	28.30%
TE	\$1.38 M	\$1.76 M	\$377.82 K	\$99.47 K	\$1.28 M	-92.80%	27.36%
TOTAL	\$422.22 M	\$574.17 M	\$151.95 M	\$35.24 M	\$386.98 M		

Notes: Film – Motion Picture Investor Tax Credit, QJ – Louisiana Quality Jobs Program, PPC – Procurement Processing Company Rebate Program, RHS – Rehabilitation of Historic Structures, DM – Digital Interactive Media & Software Tax Credit, EZ – Enterprise Zone Program, R&D – Research & Development Tax Credit, R&M – Retention & Modernization Credit, AITC – Angel Investor Tax Credit, and TE – Industrial Tax Equalization Program

*Sums may not match precisely due to rounding of individual values

The following are the highlights of the fiscal and economic impacts of the tax incentive programs that cost Louisiana \$1 million or more in FY 2024:

- **Motion Picture Investor Tax Credit (Film)**

- Total incentives: \$132.44 million
- Annual estimated gross domestic product/value-added, from total incentives: \$216.77 million
- Annual net economic impact: +\$84.32 million
- Annual estimated state revenue from total incentives: \$13.47 million
- Annual estimated tax revenue loss: \$118.97 million
- The economic multiplier is 1.76
- Mainly affected Motion Picture and Sound Recording Industry (NAICS 512)

- **Louisiana Quality Jobs Program (QJ)**

- Total incentives: \$94.41 million
- Annual estimated gross domestic product/value-added, from total incentives: \$136.35 million
- Annual net economic impact: +\$41.94 million
- Annual estimated state revenue from total incentives: \$7.19 million
- Annual estimated tax revenue loss: \$87.22 million
- The economic multiplier is 1.77
- Mainly affected Oil and Gas Extraction (NAICS 211) and Chemical Manufacturing (NAICS 325)

- **Procurement Processing Company Rebate Program (PPC)**

- Total incentives: \$80.60 million
- Annual estimated gross domestic product/value-added, from total incentives: \$68.98 million
- Annual net economic impact: -\$11.63 million
- Annual estimated state revenue from total incentives: \$4.69 million
- Annual estimated tax revenue loss: \$75.91 million
- The economic multiplier is 1.90
- Mainly affected Professional, Scientific, & Technical Services (NAICS 54) and Administrative and Support Services (NAICS 561)

- **Rehabilitation of Historic Structures (RHS)**

- Total incentives: \$67.79 million
- Annual estimated gross domestic product/value-added, from total incentives: \$83.60 million
- Annual net economic impact: +\$15.81 million
- Annual estimated state revenue from total incentives: \$5.70 million
- Annual estimated tax revenue loss: \$62.09 million
- The economic multiplier is 1.71
- Mainly affected Retail Trade (NAICS 44-45), Management of Companies and Enterprises (NAICS 55), and Rental and Leasing (NAICS 533)

- **Digital Interactive Media & Software Tax Credit (DM)**
 - Total incentives: \$18.96 million
 - Annual estimated gross domestic product/value-added, from total incentives: \$27.53 million
 - Annual net economic impact: +\$8.56 million
 - Annual estimated state revenue from total incentives: \$1.61 million
 - Annual estimated tax revenue loss: \$17.35 million
 - The economic multiplier is 1.68
 - Mainly affected Information Industries (NAICS 51) and Professional, Scientific, and Technical Services (NAICS 54)

- **Research and Development Tax Credit (R&D)**
 - Total incentives: \$14.45 million
 - Annual estimated gross domestic product/value-added, from total incentives: \$16.76 million
 - Annual net economic impact: +\$2.31 million
 - Annual estimated state revenue from total incentives: \$941,160
 - Annual estimated tax revenue loss: \$13.51 million
 - The economic multiplier is 1.38
 - Mainly affected Chemical Manufacturing (NAICS 325), Nonmetallic Mineral Manufacturing (NAICS 327), and Paper Manufacturing (NAICS 322)

- **Enterprise Zone Program (EZ)**
 - Total incentives: \$7.29 million
 - Annual estimated gross domestic product/value-added, from total incentives: \$8.93 million
 - Annual net economic impact: +\$1.64 million
 - Annual estimated state revenue from total incentives: \$623,660
 - Annual estimated tax revenue loss: \$6.67 million
 - The economic multiplier is 1.76
 - Mainly affected Hospitals (NAICS 622), Accommodation (NAICS 721), and Food Manufacturing (NAICS 311)

- **Retention and Modernization Credit (R&M)**
 - Total incentives: \$3.43 million
 - Annual estimated gross domestic product/value-added, from total incentives: \$11.64 million
 - Annual net economic impact: +\$8.20 million
 - Annual estimated state revenue from total incentives: \$828,030
 - Annual estimated tax revenue loss: \$2.60 million
 - The economic multiplier is 1.92
 - Mainly affected Chemical Manufacturing (NAICS 325) and Textile Mills and Textile Products Manufacturing (NAICS 313)

- **Angel Investor Tax Credit (AITC)**

- Total incentives: \$1.45 million
- Annual estimated gross domestic product/value-added, from total incentives: \$1.85 million
- Annual net economic impact: +\$410,020
- Annual estimated state revenue from total incentives: \$84,530
- Annual estimated tax revenue loss: \$1.36 million
- The economic multiplier is 1.67
- Almost all the incentive is in the form of individual income tax credits

- **Industrial Tax Equalization Program (TE)**

- Total incentives: \$1.38 million
- Annual estimated gross domestic product/value-added, from total incentives: \$1.76 million
- Annual net economic impact: +\$377,820
- Annual estimated state revenue from total incentives: \$99,470
- Annual estimated tax revenue loss: \$1.28 million
- The economic multiplier is 1.63
- Mainly affected Wholesale Trade (NAICS 42) and Monetary Authorities (NAICS 522)

METHODOLOGY

This report employs a Louisiana-specific version of the Regional Economic Models, Inc. (REMI) Tax-PI version 3.2.0 model to perform an impact analysis of tax incentives. The Tax-PI model is calibrated by REMI with state revenue and expenditure data along with data on Louisiana’s industrial composition. While employing a single-region 70-sector model, changes in the region do not have an endogenous effect on the rest of the nation. Furthermore, the model assumes that firm and industry growth is endogenous and induced within the state.

The analysis reflects structural simulations of the economic and fiscal effects of reductions in firm capital costs – through tax incentives in corporate, franchise, and fiduciary income taxes – along with tax incentives in personal income taxes and sales taxes for the Louisiana economy under a balanced budget scenario. This report employs administrative data from the LDR for FY 2024 on the actual total of incentives issued, the industries where credits and rebates were concentrated, and data on the type of incentives allotted (income and sales taxes). Additionally, this report analyzes administrative data of companies receiving job credits or payroll tax rebates from the EZ and QJ programs to calibrate the distribution of industries receiving tax incentives. The latter was required due to the gaps in self-reported industry classification provided by tax incentive recipients.

For maximum specificity, the analysis links tax exemption amounts to industries and to the tax exemption types to create a calibrated model that best captures the collective economic impacts of each tax incentive program. The economic impact of different types of tax incentives across the industries covered by the selected programs is modeled to run a forecast that encompasses all the potential gains from a selected tax incentive for the selected period. This allows us to report on the broader economic return on investment as well as the fiscal return on investment using the personal income growth estimates.

We calculate the estimated economic return on investment from each program to the Louisiana economy through 2033 by calculating the net benefit of each program (the economic value-added minus the total program costs), dividing that number by the total program cost, and multiplying by 100 as follows:

$$\text{Economic ROI} = \frac{(\text{Value Added} - \text{Total Cost})}{\text{Total Cost}} \times 100\%$$

Economic ROI reflects the growth in the GDP of the state by affecting the growth in consumption expenditures, private investment, government expenditures, and net exports after accounting for the costs of the incentives.

Similarly, the fiscal return on investment is revenue added minus the total program costs, dividing that number by the total program cost, and multiplying by 100.

$$\text{Fiscal ROI} = \frac{(\text{Tax Revenue} - \text{Total Cost})}{\text{Total Cost}} \times 100\%$$

ROI can be calculated using either a gross calculation method or a net calculation method. However, utilization of the net calculation method provides a more realistic measurement of return.

Consider the methods used below to calculate ROI using both approaches for fiscal return.

$$\text{Gross Fiscal ROI} = \frac{(\text{State tax revenue})}{(\text{Cost of incentive})} \times 100\%$$

$$\text{Net Fiscal ROI} = \frac{(\text{State tax revenue} - \text{Cost of incentive})}{(\text{Cost of incentive})} \times 100\%$$

As illustrated in the equations on the previous page, only the net approach deducts the cost of the incentives while calculating ROI. Deducting the cost of the incentive is important in determining whether Louisiana realized a gain or loss to state tax revenues by providing certain tax incentives.

It is worth noting that if the tax revenue generated by the incentive is higher than the cost, the Fiscal ROI is positive; however, if the tax revenue is lower than the cost, the Fiscal ROI is negative. It is impossible to determine whether the state realized a gain or loss from the incentives if the cost of the incentive is not included in the calculation. The net calculation method will always result in a lower ROI than the gross calculation method because the cost of the incentive is deducted from the state tax revenue gained from the incentive itself.

Gross and net Economic ROIs are also analogous to Fiscal ROI with the only difference being that the Economic ROI accounts for GDP/value-added instead of solely looking at the increase in state tax revenues from the incentive.

Tax incentives can have economic impacts beyond the jobs and income generated by the targeted industry/sector. Often it is not easy to decipher complex economic data to evaluate the benefits and costs of tax incentives aimed at industries to locate, expand, or create jobs. A multiplier is a single number that summarizes the total economic benefits of government spending that stems from the change in the local economy. In other words, a multiplier summarizes the expected impact on the economy from a change in given economic activity. For example, increased investment by a chemical manufacturing facility receiving tax incentives can have ripple effects on the economy beyond the chemical manufacturing sector. Industries with high multipliers have strong backward linkages in their supply chain.

The source of such impacts can be broken down into different components: direct, indirect, or induced effects. The direct effects of tax incentives are the initial changes in economic activity in the targeted sector. Indirect effects result from the business-to-business purchases in the supply chain that stem from the direct effects. The induced effects result from the increased personal income caused by both direct and indirect effects. The multiplier effect of tax incentives in this study represents the summation of these three effects. Different types of multipliers are available to gauge the change in employment or the economic activity in the local economy. Here, we focus on the economic multiplier often calculated as the ratio of total effects to the direct effect and expressed as a dollar-of-impact per dollar-of-change. Economic multipliers (multiplier effects) provide estimates of the additional value-added to the economy because of the economic activity from the firms receiving tax incentives. For example, a multiplier effect of 2.6 means that the increase in every dollar of economic output results in an additional \$1.6 of indirect and induced economic activity in the local economy. In other words, for every dollar of economic output in targeted industries, \$2.6 of activity is generated in the local economy i.e. the original dollar and the spillover effect of a further \$1.6. This study calculates the economic multiplier defined as a Type II multiplier by REMI as follows:

$$\text{Multiplier} = \frac{(\text{Direct} + \text{Indirect} + \text{Induced Effects})}{\text{Direct Effects}}$$

Readers should keep in mind the distinction between the ROI and multipliers reported in this study. **Economic ROI explains the net growth in GDP the state experiences because of each dollar it spends in tax incentives whereas Fiscal ROI explains the net amount the state receives as tax revenues for every dollar it spends in tax incentives.**

Economic multipliers, on the other hand, explain economic activity from the spillover effects of each dollar of economic activity generated by the targeted industries. REMI considers the multipliers of all major industry groups in the models used in the forecasts. Readers may also find it helpful to interpret the ROIs in percentages and multipliers as simple ratios.

We simulated the forecasts for tax revenue and the state GDP for each tax incentive one at a time in REMI's Tax-PI software. The estimated revenue and GDP given by the REMI software are forecasted based on the expenditure on tax incentives where all other factors remain unchanged. This methodology follows standard approaches of fiscal and economic impact analysis performed using state-specific REMI Tax-PI software. Future values of ROI depend on correctly calibrating the REMI software. However, the effectiveness of the incentives to generate tax revenue and grow state GDP is also equally important in determining whether the future values of ROI will be positive or negative.

RETURN ON INVESTMENT OF SELECTED TAX INCENTIVE PROGRAMS: FY 2024

This section summarizes the cost of incentives, the major industries impacted, and the economic and the fiscal effects of the incentive programs that cost \$1 million or more to Louisiana for FY 2024.

First, based on the REMI Tax-PI simulations using available data, it summarizes the forecasts until 2033 and reports the average annual expected dollar amounts of GDP/value-added, net economic impact, state tax revenue, and tax revenue gain/loss for Louisiana because of the business incentive programs under consideration.

Second, it presents the calculated Economic ROI and Fiscal ROI for those programs based on the forecasts obtained from the REMI Tax-PI software. During the analysis, each incentive program is treated as a shock to the Louisiana economy, and the resulting changes in the economy due to the economic shock are compared with the control scenario which assumes the absence of economic shocks in the form of business tax incentives. The expected fiscal and economic effects of the tax incentive programs are thus obtained from the differences in the control scenario and the so-called shock/presence of tax incentives scenario.

It is worth noting that the results should be interpreted as the potential fiscal and economic gain/loss in the Louisiana economy exclusively resulting from the specific tax incentives program. If the state collects \$5 million in tax revenue because of a tax incentive program, it doesn't imply that the beneficiaries paid only \$5 million in taxes. Rather, it indicates that \$5 million of the total taxes paid by those individuals or businesses can be directly linked to the incentive program. In the same way, if an incentive program leads to a \$20 million boost in the state GDP, that amount represents the portion of economic growth that can be directly attributed to the impact of the program. Additionally, this study also employs an assumption of a balanced budget for government spending where a reduction in state revenues leads to a proportional decline in state expenditures. This report presents the analysis of the most recent data of the 10 tax incentive programs for which the revenue loss was \$1 million or more in fiscal year 2024.

The total cost of the selected 10 incentive programs is \$422.22 million for FY 2024. The cost of tax incentives ranges from \$1.38 million for TE to \$132.44 million for Film. In total, the state recoups only \$35.24 million in tax revenues which results in an annual average revenue loss of \$386.98 million.

The state does not fully recover the \$422.22 million in tax incentives through additional tax revenue over the next ten years, but the selected incentives have a positive impact on the GDP meaning more economic activities with increased consumption, capital investment, or job growth. The annual growth in GDP/value-added attributed to the incentive programs is expected to be \$574.17 million with a net economic impact of \$151.95 million.

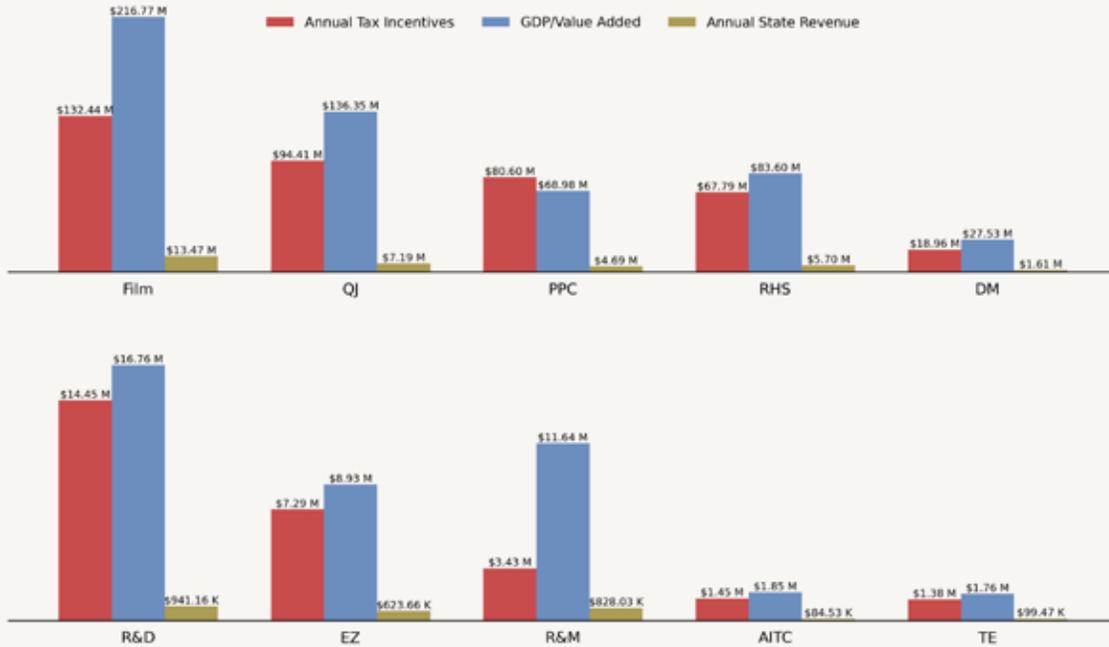
The results show that almost all these tax incentives have a positive economic effect on the state economy except the PPC. The average annual net economic impact of the selected tax credits/rebates issued to individuals and businesses ranges from -\$11.63 million for PPC to \$84.32 million for Film. The net economic effect represents the value added/gain in GDP in Louisiana's economy after accounting for the cost of incentives. And the value added by each program is the gross output of an industry/sector less its intermediate input. Thus, one can understand the value added as the contribution of an industry or sector to the GDP of the state. The contribution of these programs to the Louisiana GDP ranges from \$1.76 million for TE to \$216.77 million for Film. Furthermore, two of the costly programs, QJ and Film, also have a larger share of the effect on GDP growth. The Economic ROI, however, is highest for R&M even from modest investment.

Contrary to the economic impact of tax credits and rebates issued under most of the programs, the fiscal impact for all the programs is negative. In other words, the estimated state tax revenue for all the programs is less than the amount issued to individuals and businesses through the tax incentives. The average annual revenue loss ranges from \$1.28 million for TE to \$118.97 million for Film. Among the programs analyzed, the state spends the highest amount on Film and subsequently

generates more annual revenue from Film than other programs. Film is estimated to generate \$6.28 million more than QJ in annual tax revenue, and Film received \$38.03 million more than QJ in incentives. Film accounts for 31.37% and QJ accounts for 22.36% of the total costs of the 10 programs. The R&M program has the highest fiscal return on investment of -75.86% in FY 2024, whereas Film ranks second and QJ ranks sixth with fiscal returns on investment of -89.83% and -92.38% respectively.

Economic and Fiscal Impacts of Selected Tax Incentive Programs FY 2024

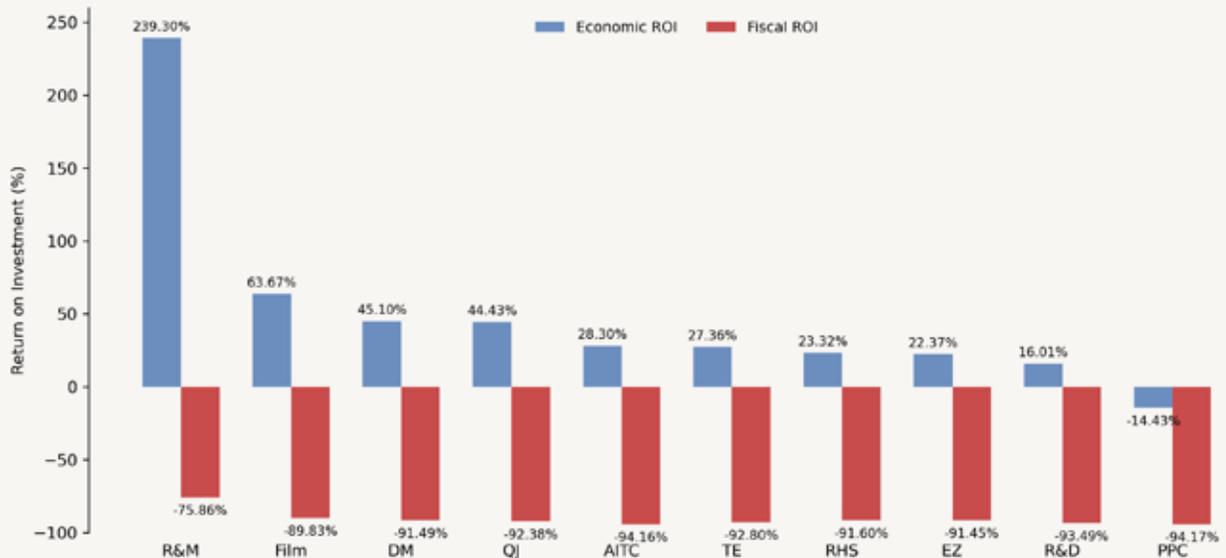
Source: Louisiana Department of Revenue Tax Exemption Budget and REMI Tax-PI



Note: Bottom five program values are scaled up for better visibility.

Economic and Fiscal ROI of Selected Tax Incentive Programs FY 2024

Source: Louisiana Department of Revenue Tax Exemption Budget and REMI Tax-PI



This section details the outcomes of the selected incentive programs and compares them with the previous fiscal year. Programs are presented in order of their incentive amounts.

Motion Picture Investor Tax Credit

Motion Picture Investor Tax Credit (Film)							
FY	Total Incentives	GDP	Net Economic Impact	State Tax Revenue	Tax Revenue Loss	Fiscal ROI	Economic ROI
2024	\$132.44 M	\$216.77 M	\$84.32 M	\$13.47 M	\$118.97 M	-89.83%	63.67%
2023	\$134.48 M	\$215.22 M	\$80.74 M	\$14.00 M	\$120.47 M	-89.58%	60.04%
Difference	-\$2.04 M	\$1.55 M	\$3.58 M	-\$0.53 M	-\$1.5 M	-0.25%	3.63%
Major Industries and the percentage of incentives							
<ul style="list-style-type: none"> • Motion Picture and Sound Recording Industry (NAICS 512) 72.26% • Religious, Grantmaking, Civic, Professional, and Similar Organizations (NAICS 813) 14.38% 							

The Motion Picture Investor (Film) Tax Credit aims to achieve an independent and self-supporting motion picture production industry in Louisiana with a strong capital base where a non-refundable income tax credit may be bought back by the state for ninety cents on the dollar. For applications submitted on or after July 1, 2025, there is a cap of \$125 million per fiscal year on the tax credits, and the program will sunset on July 1, 2031. The benefits of the program include:

- For state-certified productions meeting certain criteria, an income or franchise tax credit of up to 40% for qualified expenditures; and
- For Qualified Entertainment Companies (QEC) meeting certain criteria, the program provides a payroll tax credit of up to 20%.

Businesses received \$132.44 million in FY 2024 of tax incentives under the Film program which is \$2.04 million less than FY 2023. This investment is expected to result in \$216.77 million in the increased annual GDP of Louisiana with an average annual net economic impact of \$84.32 million. Meanwhile, the state expects the tax revenue per year due to this program to be \$13.47 million with \$118.97 million of average annual loss of tax revenue. This incentive program’s primary beneficiary is Motion Picture and Sound Recording Industry (NAICS 512) with almost 72.26% of the incentives which is almost 6% less than that in FY 2023.

The Fiscal ROI for Film is -89.83% whereas the Economic ROI is 63.67%. The Fiscal ROI is slightly lower, and Economic ROI is slightly higher than that of FY 2023 where their values were -89.58% and 60.04% respectively.

The Louisiana Quality Jobs Program

The Louisiana Quality Jobs Program (QJ)							
FY	Total Incentives	GDP	Net Economic Impact	State Tax Revenue	Tax Revenue Loss	Fiscal ROI	Economic ROI
2024	\$94.41 M	\$136.35 M	\$41.94 M	\$7.19 M	\$87.22 M	-92.38%	44.43%
2023	\$150.06 M	\$251.59 M	\$101.53 M	\$16.08 M	\$134.04 M	-89.32%	67.66%
Difference	-\$55.65 M	-\$115.24 M	-\$59.59 M	-\$8.89 M	-\$46.42 M	-3.06%	-23.23%
Major Industries and the percentage of incentives <ul style="list-style-type: none"> Oil and Gas Extraction (NAICS 211) 47.72% Administrative and Support Services (NAICS 561) 13.32% Support Activities for Mining (NAICS 213) 4.91% 							

The Louisiana Quality Jobs (QJ) Program provides an incentive to encourage businesses to locate or expand existing operations in Louisiana and create quality jobs focusing on Louisiana Vision 2020 and seed clusters industries. These industries include but are not limited to biotechnology, biomedical, micro-manufacturing, software and the internet, clean energy, food technology, and advanced materials. The participating businesses must create a minimum number of full-time jobs and provide a basic health benefit plan to employees within 90 days of hire. The QJ program sunset on June 30, 2025, and no new advances are accepted after this date. However, existing contracts remain in effect until the contracted expiration date. The benefits of the program include:

- A 4% or 6% payroll rebate for new direct jobs based on the hourly wage rate; and
- Either a rebate of state sales and use taxes paid at the prevailing rate on qualifying materials, machinery, furniture, and/or equipment purchased or a 1.5% project facility expense rebate on the total capital investment, excluding tax-exempted items.

Businesses received \$94.41 million in tax incentives from QJ in FY 2024 which is approximately \$55.65 million less than that of FY 2023. The estimated GDP in Louisiana because of QJ is \$136.35 million with an average annual economic impact of \$41.94 million. The average annual estimated state revenue from the incentives is \$7.19 million with an estimated revenue loss of \$87.22 million. The results show a large drop in both incentives and an overall economic return in FY 2024.

The industries mainly affected by this program in FY 2024 are Oil and Gas Extraction (NAICS 211), Chemical Manufacturing (NAICS 325), Administrative and Support Services (NAICS 561), and Support Activities for Mining (NAICS 213) with 47.72%, 13.32%, 7.17%, and 4.91% of the total incentives respectively. In FY 2023, the industries primarily affected by this incentive program were Wood Product Manufacturing (NAICS 321), Management of Companies and Enterprises (NAICS 55), and Chemical Manufacturing (NAICS 325) with 54.87%, 14.71%, and 12.13% of total incentives respectively. The data suggests a major shift toward energy and extraction industries in FY 2024. Another major change is that Oil and Gas Extraction (NAICS 211) saw a major jump to 47.72% of total incentives from FY 2023 where it was not even among the top recipients. Furthermore, it also shows the continued relevance of Chemical Manufacturing (NAICS 325) with 12.13% of the incentives received by the sector in FY 2023 versus 13.32% in FY 2024.

Based on incentive data from FY 2024, the Fiscal ROI of QJ is -92.38%, whereas the Economic ROI is 44.43%. Fiscal and Economic ROI both worsened, they decreased by 3.06 and 23.23 percentage points respectively, suggesting fiscal efficiency deteriorating and economic productivity per dollar spend declining.

Procurement Processing Company Rebate Program

Procurement Processing Company Rebate Program (PPC)							
FY	Total Incentives	GDP	Net Economic Impact	State Tax Revenue	Tax Revenue Loss	Fiscal ROI	Economic ROI
2024	\$80.60 M	\$68.98 M	-\$11.63 M	\$4.69 M	\$75.91 M	-94.17%	-14.43%
2023	\$73.10 M	\$81.86 M	\$8.76 M	\$5.96 M	\$67.13 M	-91.84%	11.98%
Difference	\$7.50 M	-\$12.88 M	-\$20.39 M	-\$1.27 M	\$8.78 M	-2.33%	-26.41%
Major Industries and the percentage of incentives							
<ul style="list-style-type: none"> Professional, Scientific, & Technical Services (NAICS 54) 50.84% Administrative and Support Services (NAICS 561) 49.16% 							

The Procurement Processing Company Rebate Program (PPC) is intended to recruit purchasing companies that generate sales of items subject to state sales and use taxes to Louisiana. The secretary of Louisiana Economic Development (LED) is authorized to enter contracts with procurement processing companies and these contracts provide a rebate to these procurement processing companies. These rebates are derived from a portion of the state sales and use taxes collected on new taxable sales by the purchasing company which is managed by the procurement processing company under contract with LED. While LED is the statutorily designated government representative, this authority was transferred to LDR to review transactions and issue rebates as appropriate. The initial term of the contract cannot exceed 20 years and can be renewed for up to an additional 20 years. The program's benefits include:

- A rebate of the contractually agreed upon percentage of state sales tax on new taxable sales by the purchasing company.

Businesses received \$80.60 million tax incentives under PPC in FY 2024 which is \$7.50 million less than that of FY 2023. This investment is expected to result in \$68.98 million in the increased annual GDP of Louisiana with an average annual net economic impact of -\$11.63 million which is \$20.39 million less than the previous year. Meanwhile, the state expects the tax revenue per year due to this program to be \$4.69 million with \$75.91 million of average annual loss of tax revenue.

This incentive program primarily affected Professional, Scientific, & Technical Services (NAICS 54) and Administrative and Support Services (NAICS 561).

The Fiscal ROI for this program is -94.17% in FY 2024 whereas the Economic ROI is -14.43%. The Fiscal ROI in FY 2024 deteriorated by 2.33 percentage points and Economic ROI decreased by 26.41 percentage points suggesting worsening fiscal efficiency and negative net economic impact. Economic ROI declined from +11.98% to -14.43%, indicating that modeled output fell below program cost in FY 2024.

Rehabilitation of Historic Structures

Rehabilitation of Historic Structures (RHS)							
FY	Total Incentives	GDP	Net Economic Impact	State Tax Revenue	Tax Revenue Loss	Fiscal ROI	Economic ROI
2024	\$67.79 M	83.60 M	\$15.81 M	\$5.70 M	\$62.09 M	-91.60%	23.32%
2023	\$86.25 M	\$98.00 M	\$11.74 M	\$7.63 M	\$78.62 M	-91.15%	13.61%
Difference	-\$18.46 M	-\$14.40 M	\$4.07 M	-\$1.93 M	-\$16.53 M	-0.45%	9.71%
Major Industries and the percentage of incentives							
<ul style="list-style-type: none"> • Retail Trade (NAICS 44-45) 25.69% • Management of Companies and Enterprises (NAICS 55) 18.79% • Rental and Leasing (NAICS 533) 15.93% 							

The Rehabilitation of Historic Structures (RHS) tax credit program provides non-refundable credit for eligible costs and expenses incurred during the rehabilitation of a historic structure located in a downtown development or a cultural district. Eligible structures must be nonresidential real property or residential rental property. The benefits include:

- A credit equal to 25% of the eligible costs and expenses of the rehabilitation incurred before January 1, 2018; and
- A credit equal to 20% for eligible costs and expenses incurred on or after January 1, 2018, and before January 1, 2023; and
- A credit equal to 25% for eligible costs and expenses incurred on or after January 1, 2023, and before January 1, 2029. If the structure is located in a rural area, the amount of the credit is 35%.

No taxpayer or affiliate shall claim more than \$5 million dollars of credit per year for any number of structures rehabilitated within a particular downtown development or a cultural district.

RHS disbursed a total of \$67.79 million in FY 2024, \$18.46 million less than FY 2023. The average annual GDP/value-added from the incentives is \$83.60 million, with an average annual net economic impact of \$15.81 million. The average annual estimated state revenue from this incentive program is \$5.70 million with an estimated revenue loss of \$62.09 million. The tax revenue loss in FY 2024 decreased substantially (i.e. \$16.53 million) signaling less fiscal strain relative to the incentives used.

The industries most impacted by this incentive are Retail Trade (NAICS 44-45) with 25.69%, Management of Companies and Enterprises (NAICS 55) with 18.79%, and Rental and Leasing (NAICS 533) with 15.93% of the amount received under the program.

The fiscal return on investment for the RHS for FY 2024 is -91.60% whereas the economic return on investment is 23.32%. Fiscal ROI remains very negative but Economic ROI improved considerably reflecting a higher return on economic activity generated by incentives.

Digital Interactive Media and Software Tax Credit Program

Digital Interactive Media & Software Tax Credit (DM)							
FY	Total Incentives	GDP	Net Economic Impact	State Tax Revenue	Tax Revenue Loss	Fiscal ROI	Economic ROI
2024	\$18.96 M	\$27.53 M	\$8.56 M	\$1.61 M	\$17.35 M	-91.49%	45.10%
2023	\$16.91 M	\$30.46 M	\$13.55 M	\$1.88 M	\$15.02 M	-88.84%	80.11%
Difference	\$2.05 M	-\$2.93 M	-\$4.99 M	-\$0.27 M	\$2.33 M	-2.65%	-35.01%
Major Industries and the percentage of incentives							
<ul style="list-style-type: none"> Information Industries (NAICS 51) 53.07% Professional, Scientific, & Technical Services (NAICS 54) 45.60% 							

The Digital Interactive Media and Software Tax Credit (DM) is intended to encourage the development of a strong capital base to produce digital interactive media to achieve a more independent, self-supporting industry. The program's benefits include:

- Up to a 25% refundable tax credit for in-state labor; and
- Up to an 18% refundable credit for eligible production expenses.

The program has no annual cap and no minimum spending requirement. The tax credit is available for a refund of 100% of its value claimed on a Louisiana state tax return or certified applicants can receive 85% of the value earned as a rebate any time during the year.

In FY 2024, businesses received \$18.96 million in tax incentives under the DM program, \$2.05 million more than the previous year. The estimated annual value-added created by the incentive program is \$27.53 million with a net economic impact of \$8.56 million. The estimated annual state tax revenue from the incentive is \$1.61 million whereas the expected annual revenue loss is \$17.35 million.

The industries that receive the largest amount in credits are Information Industries (NAICS 51) receiving 53.07% and Professional, Scientific, and Technical Services (NAICS 54) receiving 45.60% of the total amount disbursed. The total amount received by businesses rose by \$2.05 million, while distribution of industries receiving DM credits in FY 2024 remained similar to those in FY 2023. The Fiscal ROI for this tax incentive program is -91.49% and Economic ROI is 45.10% which is lower than the Fiscal ROI of -88.84% and Economic ROI of 80.11% for Fiscal Year 2023.

Research and Development Tax Credit

Research and Development Tax Credit (R&D)							
FY	Total Incentives	GDP	Net Economic Impact	State Tax Revenue	Tax Revenue Loss	Fiscal ROI	Economic ROI
2024	\$14.45 M	\$16.76 M	\$2.31 M	\$941.16 K	\$13.51 M	-93.49%	16.01%
2023	\$11.48 M	\$10.45 M	-\$1.03 M	\$841.44 K	\$10.64 M	-92.67%	-8.97%
Difference	\$2.97 M	\$6.31 M	\$3.34 M	\$99.72 K	\$2.87 M	-0.82%	24.98%
Major Industries and the percentage of incentives <ul style="list-style-type: none"> Chemical Manufacturing (NAICS 325) 17.79% Nonmetallic Mineral Manufacturing (NAICS 327) 16.73% Paper Manufacturing (NAICS 322) 14.21% 							

The Research and Development Tax Credit (R&D) is intended to encourage new and continuing efforts to conduct research and development activities within the state. The program is open to companies that have incurred research and development expenditures in Louisiana and who meet certain requirements. Louisiana has three different types of research and development applicants who earn credits at different rates and have different filing requirements: 1) businesses who increase in Louisiana Research and Development (50+ employees), 2) businesses who receive a Small Business Innovation Research Grant (SBIR/STTR) from the federal government, and 3) businesses who employ less than 50 employees, including affiliates.

The following types of businesses that do not have a pending or issued United States patent directly related to the qualified research expenditures for which a credit is being claimed according to La. R.S. 47:6015 are ineligible to apply for or receive benefits unless specifically invited by LED to do so: 1) a professional services firm, or 2) businesses primarily engaged in custom manufacturing and custom fabricating.

The program's benefits include:

- Up to a 30% tax credit on qualified research expenditures incurred in Louisiana.

The annual tax incentive received by businesses under R&D was \$14.45 million in 2024, \$2.97 million more than the previous year. The expected annual state GDP due to the incentives was \$16.76 million with an average annual net economic impact of \$2.31 million. The net economic impact swung from negative to positive with a notable improvement of \$3.34 million. The average annual estimated state revenue from this incentive program is \$941,160 with an estimated revenue loss of \$13.51 million.

The industries most impacted by this incentive are Chemical Manufacturing (NAICS 325) with 17.79%, Nonmetallic Mineral Manufacturing (NAICS 327) with 16.73%, and Paper Manufacturing (NAICS 322) with 14.21% of the incentives received by the respective sectors.

The Fiscal ROI of this incentive program for FY 2024 is -93.49% whereas the Economic ROI is 16.01%. Fiscal ROI has decreased compared to the previous fiscal year, but Economic ROI has rebounded to 16.01% from the previous year's -8.97%. R&D is widely regarded as a driver of long-term productivity and economic growth and the improvement in economic impact in 2024 may reflect lagged effects from earlier investments.

Enterprise Zone Program

Enterprise Zone Program (EZ)							
FY	Total Incentives	GDP	Net Economic Impact	State Tax Revenue	Tax Revenue Loss	Fiscal ROI	Economic ROI
2024	\$7.29 M	\$8.93 M	\$1.64 M	\$623.66 K	\$6.67 M	-91.45%	22.37%
2023	\$23.07 M	\$28.55 M	\$5.48 M	\$1.98 M	\$21.08 M	-91.41%	23.76%
Difference	-\$15.78 M	-\$19.62 M	-\$3.84 M	-\$1.36 M	-\$14.41 M	-0.04%	-1.39%
Major Industries and the percentage of incentives							
<ul style="list-style-type: none"> Hospitals (NAICS 622) 48.58% Accommodation (NAICS 721) 12.42% Food Manufacturing (NAICS 311) 10.14% 							

Enterprise Zones are geographical areas with high unemployment, low income, or a high percentage of residents receiving public assistance. The Enterprise Zone Program (EZ) is a jobs incentive program that provides Louisiana income and franchise tax credits to a new or existing business located in Louisiana that creates permanent new full-time jobs and hires at least 50% of those new net jobs from one of four targeted groups. The EZ program sunsets on June 30, 2025, and no new advances are accepted after this date. However, existing contracts remain in effect.

The benefits provided include:

- A one-time \$3,500 or \$1,000 job tax credit for each net new job created; and
- Either a rebate of state sales and use taxes paid at the prevailing rate on qualifying materials, machinery, furniture, and/or equipment purchased or a 1.5% refundable investment tax credit on the total capital investment, excluding tax-exempted items. The state sales and use tax rebate or 1.5% credit shall not exceed \$100,000 per net new job created under the contract.

The EZ program provided \$7.29 million in tax incentives to businesses in FY 2024 which is \$15.78 million less than what was granted in FY 2023. The effect of this incentive on the annual GDP is \$8.93 million, which means the net economic impact of the program is \$1.64 million. EZ generates \$623,660 in annual tax revenue resulting in a revenue loss of \$6.67 million. The largest sectors receiving incentives under EZ in FY 2024 are Hospitals (NAICS 622), Accommodation (NAICS 721), and Food Manufacturing (NAICS 311) with 48.58%, 12.42%, and 10.14% of incentives rewarded towards them respectively while in FY 2023 the largest sectors were Real Estate (NAICS 531), Hospitals (NAICS 622), and Construction (NAICS 23) with 37.80%, 23.50%, and 6.95% respectively.

The Fiscal ROI of EZ is -91.45 % and Economic ROI is 22.37%. Fiscal and Economic ROIs are low but stable compared to the previous fiscal year with both staying in a similar range.

Retention and Modernization Credit

Retention and Modernization Credit (R&M)							
FY	Total Incentives	GDP	Net Economic Impact	State Tax Revenue	Tax Revenue Loss	Fiscal ROI	Economic ROI
2024	\$3.43 M	\$11.64 M	\$8.20 M	\$828.03 K	\$2.60 M	-75.86%	239.30%
2023	\$2.30 M	\$2.40 M	\$108.28 K	\$129.40 K	\$2.17 M	-94.37%	4.66%
Difference	\$1.13 M	\$9.24 M	\$8.09 M	\$698.63 K	\$0.43 M	18.51%	234.64%
Major Industries and the percentage of incentives							
<ul style="list-style-type: none"> • Chemical Manufacturing (NAICS 325) 44.39% • Textile Mills and Textile Products Manufacturing (NAICS 313) 42.39% 							

Retention and Modernization credit (R&M) is intended to provide an incentive for businesses to remain in the state and not relocate outside the state and to modernize their existing operations in Louisiana. The program is discretionary, and businesses must be invited by the secretary of LED to participate in the program. The credit is a non-refundable income and franchise tax credit with a ten-year carryforward period. The program's benefits include:

- A credit at the rate of up to 5% of the qualified expenditures incurred by the employer for modernization with the credit divided into equal portions for five years and can be claimed against individual income tax, corporate income tax, or corporate franchise taxes.

For FY 2024, the total cost of tax incentives for R&M was \$3.43 million whereas it was \$2.30 million in FY 2023. The estimated annual value-added created by the incentive program is \$11.64 million with a net economic impact of \$8.20 million. The estimated annual state tax revenue from the incentive is \$828,030 whereas the expected annual revenue loss is \$2.60 million.

The industries that receive the largest amount in credits are Chemical Manufacturing (NAICS 325) with 44.39% and Textile Mills and Textile Products Manufacturing (NAICS 313) with 42.39% of the credits awarded.

The Fiscal ROI for this tax incentive program is -75.86% and the Economic ROI is 239.30%. The net economic impact rose from a negligible \$108,280 in 2023 to \$8.20 million in 2024 that led to a surge in Economic ROI to 239.30% signaling a high return on investment. Although negative, Fiscal ROI also improved, from -94.37% to -75.86%.

Angel Investor Tax Credit

Angel Investor Tax Credit (AIRC)							
FY	Total Incentives	GDP	Net Economic Impact	State Tax Revenue	Tax Revenue Loss	Fiscal ROI	Economic ROI
2024	\$1.45 M	\$1.85 M	\$410.02 K	\$84.53 K	\$1.36 M	-94.16%	28.30%
2023	\$1.78 M	\$1.44 M	-\$333.36 K	\$129.88 K	\$1.65 M	-92.71%	-18.70%
Difference	-\$0.33 M	\$0.41 M	\$743.38 K	-\$45.35 K	-\$0.29 M	-1.45%	47.00%
Major Industries and the percentage of incentives							
<ul style="list-style-type: none"> Individual Income Tax Credit 100% 							

The Angel Investor Tax Credit Program (AIRC) intends to encourage third parties to invest in early-stage wealth-creating businesses in the state, expand the economy of the state by enlarging its base of wealth-creating businesses, and enlarging the number of quality jobs available to retain the presence of young, educated people in the state. The benefits of this program include:

- A 25% tax credit on investments by accredited investors who invest in LED-certified businesses such as Louisiana Entrepreneurial Businesses (LEB).
- An enhanced tax credit of 35% on investments by accredited investors who invest in LEBs located in qualified Opportunity Zones.

This program has a \$7.2 million annual cap, and the investors can invest \$720,000 per business per year and \$1.44 million per business over the life of the program. The qualifying uses of investment funds include capital improvements, plant equipment, research and development, and working capital. The incentive is available to businesses in Louisiana that are not involved in retail, real estate, professional services, gaming or gambling, natural resource extraction or exploration, or financial services like venture capital funds. Furthermore, investment funds are not eligible to pay dividends, redeem shares, repay debts, or repay shareholder's loans.

In FY 2024, the cost of this program was \$1.45 million as an individual income tax credit which is slightly lower than \$1.78 million in FY 2023. The incentive is expected to raise the Louisiana GDP by \$1.85 million per year with an economic impact of \$410,020 in FY 2024 compared to \$1.44 million in GDP growth and net economic impact of -\$333,360 in FY 2023. Fiscal ROI is negative and Economic ROI is positive with Fiscal ROI of -94.16% and Economic ROI of 28.30%. Fiscal ROI remains strongly negative and slightly worse than FY 2023, but the Economic ROI has improved drastically in percentage terms showing better return on the economic activity simulated. The positive swing in economic impact suggests AIRC may be increasingly effective in stimulating economic activity and supporting early-stage investments. Since it is an individual income tax credit, the program possibly attracts personal investments in innovative startups encouraging entrepreneurship.

Industrial Tax Equalization Program

Industrial Tax Equalization Program (TE)							
FY	Total Incentives	GDP	Net Economic Impact	State Tax Revenue	Tax Revenue Loss	Fiscal ROI	Economic ROI
2024	\$1.38 M	\$1.76 M	\$377.82 K	\$99.47 K	\$1.28 M	-92.80%	27.36%
2023	\$2.20 M	\$1.84 M	-\$364.28 K	\$105.88 K	\$2.09 M	-95.19%	-16.52%
Difference	-\$0.82 M	-\$0.08 M	\$742.10 K	-\$6.41 K	-\$0.81 M	2.39%	43.88%
Major Industries and the percentage of incentives							
<ul style="list-style-type: none"> Wholesale Trade (NAICS 42) 59.92% Monetary Authorities (NAICS 522) 38.48% 							

The Industrial Tax Equalization Program (TE) is intended to encourage the establishment and retention of manufacturing establishments, headquarters, or warehousing and distribution establishments in Louisiana by providing a procedure whereby the total state and local taxes imposed upon these establishments may be reduced, after all other tax incentives for specific sites are applied to the levels imposed by other competing states.

The Board of Commerce and Industry may enter a tax equalization contract only if each of the following requirements is met by the manufacturing establishment, headquarters, warehousing and distribution establishment:

- The establishment must either be in another state or located in Louisiana and contemplating locating in another state that has equivalent or comparable advantages as the area in Louisiana in which the establishment is or seeks to be located.
- The state in which the establishment is located or is contemplating locating must have a total state, parish, and local tax structure that offers a greater tax advantage to the establishment than the taxing structure of Louisiana.
- The applicant for tax equalization may be any form of business entity.
- The sites under consideration in Louisiana and the competing state must be valid and viable for the proposed operations.
- The secretary of LED must make a recommendation to the governor to extend an invitation to apply for tax equalization.
- The applicant must receive an invitation to apply from the governor.

For FY 2024, the total amount of tax incentive businesses received under TE was \$1.38 million whereas it was \$2.20 million in FY 2023. The estimated annual GDP created by the incentive program is \$1.76 million which is \$80,000 less than the prior year. The program generates a net economic impact of \$377,820 whereas it was -\$364,280 last fiscal year. The estimated annual state tax revenue from the incentive is \$99,470 and the expected annual revenue loss is \$1.28 million attributed to this program.

The industries that receive the largest amount in credits are Wholesale Trade (NAICS 42) and Monetary Authorities (NAICS 522) with 59.92% and 38.58% of the incentives respectively.

The Fiscal ROI for this tax incentive program is -92.80% and the Economic ROI is 27.36% where both the ROIs have improved compared to the prior year's Fiscal ROI of -95.19% and Economic ROI of -16.52%.

ECONOMIC MULTIPLIERS OF TAX INCENTIVES

This section reports on the economic multipliers of selected tax incentive programs for FY 2024. These multipliers reflect the total economic impact that can be expected from the change in the economic activity of the incentive firms. It reports economic multipliers of all the tax incentive programs under analysis.

For FY 2024, R&M has the highest economic multiplier at 1.92, indicating that every \$1 of direct economic activity by participating firms generates an additional \$0.92 in indirect and induced economic activity. In contrast, R&D has the lowest multiplier at 1.38, meaning that only \$0.38 in ripple-effect economic activity is generated for every \$1 of direct activity.

Higher economic multipliers mean that the incentivized firm purchased more from local suppliers. This further results in more economic activity and employment not just for firms receiving tax incentives but also along the supply chain.

Economic Multipliers of Tax Incentives	
Incentive	Multiplier
R&M	1.92
PPC	1.90
QJ	1.77
Film	1.76
EZ	1.76
RHS	1.71
DM	1.68
AITC	1.67
TE	1.63
R&D	1.38



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