INDUSTRIAL TAX EXEMPTION PROGRAM

ADDRESSING THE MISCONCEPTIONS

MISCONCEPTIONS	REALITY
ITEP creates no jobs, and, in fact, the manufacturing sector has lost jobs over the last several years	• By Executive Order, net new jobs are required for ITEP approval. • The effects of macroeconomic forces such as the recent recession and natural disasters such as Hurricane Katrina should be considered when comparing sector-specific job counts over a given time period.
ITEP hasn't been used to attract NEW companies/ jobs to the state	• ITEP has been a useful tool in attracting NEW investment to the state » Sasol (500 new jobs, retained 435 existing jobs) » Benteler Steel (675 new jobs) • ITEP has encouraged existing employers to expand their facilities inside Louisiana when they may have done so elsewhere » Monsanto » BASF » Dow Chemical
Parishes could have used the foregone revenue from ITEP to improve local entities	• You can't abate what's not there. Without ITEP, the projects may be lost altogether, thus, parishes run the risk of forfeiting both future and current funding levels.
Millions of dollars are being given up per job	• Dividing the exemption amount by total job from the project is not an accurate way to define the cost of a job. • Figures that suggest calculating job cost by dividing exemption amount by number of jobs are conflating capital investment and job creation. • Capital investment by employers who benefit from ITEP protect the current jobs in Louisiana from being lost or relocated, ensure the state and parish remain competitive, and create indirect economic impact on the community through payroll.
Louisiana is the only state that administers an ITEP program	• 39 states in the United States participate in similar programs with similar exemption periods and exemption percentage amounts. • Prior to the Executive Order, Louisiana was the only state where state authority unilaterally approved local project exemptions. • As a direct result of the Executive Order, local weigh-in via resolution is now a requirement.
The "cost" of ITEP (also referred to as lost revenues) at the local level, has increased dramatically over the years	• ITEP is not a cash payout to companies. Dollar values associated with ITEP represent foregone property tax revenue. • ITEP figures have grown due to the attraction of new, large capital investments – such as $20 billion mega-projects. • Each project brings with it new sales tax revenues, good paying jobs, and future property tax collections.

LOUISIANA ECONOMIC DEVELOPMENT

617 N 3RD ST, BATON ROUGE, LA 70802
800.450.8115
OPPORTUNITYLOUISIANA.COM