

Overview of LED incentive programs - tax reform considerations

Exemption	Description	FY 2011 claims (TEB value)	% of total value	Current mechanism	Proposed mechanism (and other key changes) under tax reform scenario
Programs to retain					
Motion Picture Investor Tax Credit	Provides a 30% transferable tax credit for qualified motion picture production expenditures and an additional 5% payroll tax credit for in-state labor.	\$174,078,582	49%	Transferable tax credit / 85% buy-back	85% rebate (modified for greater impact)
Enterprise Zones	Provides a one-time \$2,500 per job tax credit and either a 4% sales/use tax rebate on capital expenditures or a 1.5% investment tax credit for qualified expenses.	\$90,902,007	25%	Traditional tax credit (JTC), S&U rebate, and refundable ITC	Rebate (modified for greater impact)
Louisiana Quality Jobs Program	Provides a 5% or 6% cash rebate of annual gross payroll for new, direct jobs for up to 10 years and (via EZ program) either a 4% sales/use tax rebate on capital expenditures or a 1.5% investment tax credit for qualified expenses.	\$47,917,610	13%	Payroll rebate, S&U rebate, and refundable ITC	Rebate (with technical improvements)
Research and Development Tax Credit	Provides up to a 40% tax credit on qualified research expenditures incurred in Louisiana – with no cap and no minimum requirement.	\$27,874,721	8%	Refundable tax credit (transferable for pre-2009 activity)	Rebate (with technical improvements)
Industrial Tax Equalization Program	Eliminates the tax differential through the equalization of the overall taxes between a Louisiana site and a competing site in another state.	\$8,363,915	2%	Exemption	Exemption
Angel Investor Tax Credit Program	Provides a 35% tax credit on investments by accredited investors in qualified Louisiana small businesses.	\$3,497,531	1%	Transferable tax credit (spread over 5 years)	Rebate (spread over 5 years)
Digital Interactive Media and Software Tax Credit	Provides a 35% tax credit for in-state labor, coupled with a 25% credit for eligible production expenses.	\$1,493,988	0%	Refundable tax credit / 85% buy-back	Rebate
Sound Recording Investor Tax Credit	Provides a 25% refundable tax credit for qualified expenditures on state-certified sound recording productions and infrastructure.	\$1,136,708	0%	Refundable tax credit	Rebate (with sunset extension and technical improvements)
Musical & Theatrical Productions Tax Credit	Provides a 25% to 35% tax credit on qualified production or infrastructure development expenses with additional tax credits available for payroll and transportation.	\$588,663	0%	Refundable/one-time transferable tax credit	Rebate
Technology Commercialization Credit Program	Provides a 40% refundable tax credit for companies that invest in the commercialization of Louisiana university technology and a 6% payroll rebate for the creation of new direct jobs.	\$91,849	0%	Refundable tax credit and payroll rebate	Rebate
Retention and Modernization Credit	Provides a refundable tax credit of up to 5% of qualified capital expenditures for existing Louisiana manufacturers making at least \$5 million in qualified capital expenditures.	\$10,846	0%	Refundable tax credit (spread over 5 years)	Rebate (spread over 5 years)
Ports of Louisiana Tax Credits	Promotes investment and use of Louisiana ports by offering tax credits based on (1) five percent per year of total eligible capital costs and (2) \$5 per ton of qualified cargo.	\$2,500	0%	Traditional tax credit (infrastructure piece spread over 20 years)	Rebate (infrastructure piece spread over 20 years)
Competitive Projects Payroll Incentive (CPPI)	Provides a rebate valued at up to 15% of new job payroll over ten years associated with competitive projects in certain industries.	N/A	--	Rebate	Rebate (with technical improvements)
Corporate Headquarters Relocation Program	Provides a 25% rebate (over five years) on qualifying facilities and relocation costs associated with competitive corporate headquarters relocation projects.	N/A	--	Rebate	Rebate
Programs to repeal					
Corporate Tax Apportionment Program (CTAP)	Provides single-sales factor apportionment (i.e., pay corporate income/franchise tax only for portion of sales represented by Louisiana customers) to competitive projects.	N/A	--	N/A	Repeal
Exemptions for Manufacturing Estab. / Industry Assistance	Incentivizes retention and expansion of existing manufacturing businesses but is not in current use due to statutory obstacles.	\$2,095,585	1%	TBD	Repeal
Urban Revitalization Tax Incentive Program	Intended to coordinate with the federal HUBZone program, but accessibility was geographically limited and the program has not attracted any applicants.	\$6,740	0%	Traditional tax credit	Repeal
University Research and Development Parks	Provides incentives to businesses located in university-operated R&D parks but has not attracted any applicants.	\$6,053	0%	Exemptions, rebates, and traditional tax credit	Repeal
Green Jobs Industries Credit	Incentivizes growth of green industries but has not been activated due to anticipated federal funding that did not materialize.	***	--	Refundable tax credit	Repeal

*No sunset on live performance production expenditures; there are sunsets on transportation (12/31/12) and infrastructure (1/1/14) expenditure