

Cost and Incentives

The Metro New Orleans area, which includes St. Charles, is among the lowest in the nation in respect to overall business operating costs. The region's cost-of-living is less than other Southern metropolitan areas such as Atlanta, Nashville, Tampa and Miami. Labor costs, on average, are considerably lower than most metropolitan areas of comparable size. The 1998 average hourly wage rate for white and blue-collar occupations was only 78% of the national average. Class A office space lease cost in the New Orleans area is 16% below the national average and is among the lowest in the South. The average industrial building lease price (on a net basis) is only 68% of the average for Southern metropolitan areas. Labor and rental costs for operating a 200,000 sf warehouse/distribution center are 12% lower than the national average. Combining these low labor and real estate costs with below-national average costs for electricity and natural gas yields a significant advantage for profitable business investment.

COST OF BUSINESS:

Sales Tax:	State: 4% Local: 5%
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PROPERTY TAX:

Method of Computation:	Fair Market Value times millage rate.
Frequency of Appraisal:	Personal Property – every year.
Real Property:	Every four years.
Tax Base: (Assessment Ratio)	10% on land and residential. 15% on all other property.
No State Property Tax	N/A

LOCAL MILLAGE RATE:

West Bank	116.76
East Bank:	116.43

PERSONAL INCOME TAX:

State: (Imposed annually on net taxable income after deductions)	First \$10,000 2% Next \$20,000 4% Over \$30,000 6%
Local:	No Personal income tax

CORPORATE INCOME TAX:

State: (Imposed annually on net taxable income after deductions)	First \$25,000 - 4% Next \$25,000 - 5% Next \$50,000 - 6% Next \$100,000 - 7% Next \$200,000 - 8%
Local:	No corporate income tax

CORPORATE FRANCHISE/STATE TAX:

State: (Imposed annually on both domestic and out of state corporations)	First \$25,000 - 4% Next \$25,000 - 5% Next \$50,000 - 6% Next \$100,000 - 7% Next \$200,000 - 8%
Local:	No corporate franchise tax

TAX INCENTIVES

Industrial Tax Exemption – provides manufacturers with a property tax exemption for a five-year period, renewable for an additional five years. Exemptible property includes buildings, machinery, equipment, furniture, and fixtures for a new expanded or renovated facility.

Louisiana Quality Jobs Act – Eligible companies may receive a rebate of up to 6% of their payroll for 10 years and a refund of state and local sales and use taxes on purchases of building construction materials, machinery, and equipment. Companies with more than 50 employees must create \$500,000 in new payroll and companies with less than 50 employees must create \$250,000 in new payroll. Additionally, the employer shall pay at least 85% of the total health insurance premium for individuals or at least 50% of the total health premium for employee and dependents.

Enterprise Zones – Provides a one-time \$2,500 tax credit for each net new permanent job created (\$5000 for aviation/aerospace industries). Credits may be applied against a company's state income or corporate franchise tax liability. In addition, companies receive refunds on state and local sales and use taxes on purchases of building construction materials, machinery, and equipment.

Tax Equalization – New manufacturing establishments, new corporate headquarters, or new warehousing and new distribution companies which are considering sites in other states because of tax rates lower than those of Louisiana, may be eligible for tax equalization.

Inventory Tax Credits – Manufacturers, distributors, and retailers are allowed a credit against the state corporate and personal income taxes, and corporate franchise taxes for ad valorem taxes paid.

Freeport Law – Cargo in transit is free from taxation as long as it is kept intact within the smallest original container. Most manufacturers can bring raw materials into the state without paying taxes on them until they are placed in the manufacturing process.

Film and Video Sales Tax Credits – Film production companies are eligible for state tax credits on investments in productions shot in Louisiana. Tax credits on payroll generated by production companies in the state are also available on payrolls of \$250,000 or greater.

Workforce Development Grants – The Louisiana Department of Economic Development awards grants for workforce training costs up to \$500,000 per project for new or existing companies creating at least 10 new jobs in the state.

Research and Development Refundable Tax Credits – Companies with less than 225 employees and that have 75% of their workforce as Louisiana residents can receive up to an 8% tax credit on costs associated with research and development activities in accordance with federal IRS deductions with excess state tax liabilities refundable directly to companies.

Technology Commercialization Tax Credits – Companies partnering with Louisiana universities on new products and new technologies can receive an annual 15% tax credit of total costs associated with the product development for up to eight years. Credits can be carried over for up to twenty years.

Biotech Sales and Use Tax Exemption – Equipment, machinery, and construction materials purchased by biotechnology companies are exempt from both state and local sales taxes.

Financial Incentives

Industrial Revenue Bonds – This program allows parishes, cities, port authorities, development boards, and the Louisiana Public Facilities Authority to issue up to \$10 million in tax-exempt revenue bonds to finance construction and equipping new or expanding manufacturing facilities.

Revolving Loan Fund – Small businesses may receive a loan up to \$250,000 at 4% interest.

