

East Baton Rouge Parish Metropolitan Council Industrial Tax Exemption Program Guidelines

Louisiana Economic Development (LED) proposed new rules governing the Industrial Tax Exemption Program (ITEP) as a competitive incentive for job creation and, under compelling circumstances, job retention. Those rules were adopted by the Louisiana Board of Commerce and Industry and published in the Louisiana Register on August 20, 2018.

The East Baton Rouge Parish Metropolitan Council (Council) endorses the rules adopted by the Louisiana Board of Commerce and Industry to limit the ITEP abatement to an 80% abatement for a maximum of two five-year terms and to provide local governing entities discretion over whether exemptions are granted.

Transparent incentive rules which provide consistency and predictability allow ease in comprehension of the abatement structure.

Recognizing that these rules are to promote job creation and spur economic development in the parish, an exemption request which has been shown by LED's return on investment analysis to produce a positive return on investment to East Baton Rouge Parish and which has been approved by the Louisiana Board of Commerce and Industry shall win approval of Council, provided it meets the following criteria:

- I. The project is for a new facility considering locating in East Baton Rouge Parish, a major expansion of an existing facility or a project providing environmental benefits above and beyond any requirements of federal, state, or local law or judicial settlement.
- II. The project will bring about a net increase in permanent, full-time employment in the Parish, as defined in §502 of the state ITEP rules and §1101 of the state Quality Jobs program rules, of least twenty-five permanent, full-time positions or fifteen percent of the applicant company's pre-project employment baseline.

The recipient of an ITEP abatement forfeits its ability to apply for or receive local Enterprise Zone sales/use tax reimbursement to prevent stacking abatements on the same project during the ITEP abatement period.

Exemptions for Mega-Projects will be granted, as defined by ITEP rules section 502:

- 500+ jobs created.
- \$20,000,000+ payroll.
- \$10,000,000+ capital expenditure.
- All met within the first three years of the abatement period.

Council shall not approve exemptions for capital expenditures deemed to be routine or not in a circumstance of competitive site selection process, including any project on which construction already has commenced prior to its exemption gaining approval from Council.

Council may approve projects which do not meet the standards articulated herein, or deny projects that do meet those standards, should the Council find compelling circumstances for doing so, including:

- Preventing the imminent closure of a site in East Baton Rouge or its relocation to another parish or state;
- Circumstances of financial exigency on the part of the city-parish;
- Environmental considerations; or
- Other special circumstances as determined by the Council.

The City-Parish Finance Department shall create in-take forms to establish clear baselines and projections for outcomes referenced here, including for current applicant employment, projected applicant employment by category (direct, contract, etc.), current property value, projected ad valorem revenue yield and average depreciation schedule for any property receiving an exemption. Project commitments made to Council shall be included in approval resolutions, including penalties for non-compliance.

When the Metropolitan Council Administrator (Administrator) is notified of an Industrial Tax Exemption affecting East Baton Rouge Parish has been approved by the Board of Commerce and Industry, the Administrator shall place an introduction to approve that Exemption on the Metropolitan Council Agenda within 30 days of said notification. That Introduction will set the date of public hearing no later than 60 days of the initial notification.