Local Incentives In Ascension Parish

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- The Ascension Advantage Program
- The Donaldsonville Advantage Program
- The Gonzales Advantage Program
- The Sorrento Advantage Program

Industrial Tax Exemption Program

The Industrial Tax Exemption Program (ITEP) provides for up to a 80% abatement of local property taxes for up to ten (10) years for qualifying manufacturer's new capital investment and future qualifying capital investments. This abatement may apply to all improvements to the land, the construction and-or renovation of buildings, machinery, equipment and other property that is an integral part of the manufacturing process. This incentive is only available to qualifying manufacturers in the state as certified by the Louisiana Department of Economic Development and approved by local authorities. The tax exempt property must remain on the plant site at all times. Neither land nor any other real or personal property that has previously been subject to property taxes is eligible for this incentive.

Contracts for the ITEP are granted for five (5) years. There is an option to extend the initial five year exemption for an additional five (5) years, but in no case shall the exemption exceed ten (10) years. At the end of the contract period, the property becomes subject to taxation at its "use value" as determined by the local Tax Assessor under guidelines established by the Louisiana Department of Revenue. "Use Value" is not be construed as "Book Value" as determined by traditional accounting practices. On the average, industrial property will come onto the tax roles at 40 to 50% of its original value after the initial ten year exemption period. Industrial personal property is allowed to “depreciate” to a floor of 30% of original value and will remain on the tax roles at that value until taken out of service or removed from the site.

Following is a sample calculation of the potential full value of the ITEP incentive to a new or expanding chemical manufacturer in Ascension Parish:

Investment Profile

Land	$5,000,000*
Building	$15,000,000
Site Improvements	$5,000,000
Machinery Equipment, Furnishings and Fixtures	$30,000,000
Sub Total	$55,000,000
*Less Non-Qualifying Investment	$5,000,000
Net Qualifying Investment	$50,000,000

Industrial Tax Exemption Program

Year	Original Cost	Percent Good Factor (1)	Fair Market Value	Assessed Value (2)	Millage Rate (3)	Taxes Exempted
1	$50,000,000	.95	$47,500,000	$7,125,000	.115	$819,375
2	$50,000,000	.90	$145,000,000	$6,750,000	.115	$776,250
3	$50,000,000	.85	$42,500,000	$6,375,000	.115	$733,125
4	$50,000,000	.79	$39,500,000	$5,925,000	.115	$681,375
5	$50,000,000	.73	$36,500,000	$5,475,000	.115	$629,625

Year	Original Cost	Percent Good Factor (1)	Fair Market Value	Assessed Value (2)	Millage Rate (3)	Taxes Exempted
6	$50,000,000	.68	$34,000,000	$5,100,000	.115	$586,500
7	$50,000,000	.62	$31,000,000	$4,650,000	.115	$534,750
8	$50,000,000	.55	$,27,500,000	$4,125,000	.115	$474,375
9	$50,000,000	.49	$24,500,000	$3,675,000	.115	$422,625
10	$50,000,000	.43	$21,500,000	$3,225,000	.115	$370,875
					TOTAL	$6,025,875

(1) Reduction in Use Value as prescribed for chemical industry assets by the Louisiana Tax Commission
(2) Fair Market Value is the Original Cost times the Percent Good Factor
(3) Manufacturing property in Louisiana is assessed at 15% of its Fair Market Value.
(4) Assessed Value times the applicable millage rate. For calculation purposes, we have used a rate of 115.00 mills, which equates to a factor of .1150. This is the average millage rate in Ascension Parish, which ranges from 102.00 to 125.00 depending on the location.
(4) Total Taxes Exempted ($6,028,875) divided by the Original Cost ($50,000,000) is 12.06 %. This percentage can be utilized to estimate the value of a 100% exemption for 10-years when applied against any Original Cost for a chemical industry asset.

Payment-In-Lieu-of-Taxes Program

Within certain limitations, Louisiana allows for its political subdivisions to enter into Payment-in-Lieu-of-Taxes (PILOT) programs with qualifying new and expanding enterprises. PILOTs require that the effected property be titled to a political subdivision such as the Ascension Parish Industrial Development Board via a taxable or tax exempt bond program.

Owing that the Ascension Parish Industrial Development Board is a tax exempt entity, there would be no ad valorem taxes due on the subject property. This frees up the Industrial Development Board to negotiate a PILOT with the company. A key restriction is that the negotiated PILOT payments cannot exceed that of normal ad valorem taxation when looked at across the entire term of the PILOT agreement. One of the key benefits of the PILOT program is that the payment schedule is negotiated for the term of the agreement. This allows payments to be “levelized”, front-loaded or back-loaded across the term as negotiated between the company, the Industrial Development Board and the key stakeholders (schools, local government, etc.) Another key feature is that PILOTS can be structured around a single element of a project. For example, it may be beneficial for a company to do a PILOT just for the pollution control components of the facility. In addition, the PILOT agreement can be structured to anticipate future expansions in order to minimize any time delays in getting approval by not having to re-start the process down the road.