



## Report Highlights

### Industrial Tax Exemption Program

*Program Statistics and Fiscal Impact on Local Governments*

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#### Why We Compiled This Informational Brief

Because of legislative interest during the 2022 Regular Legislative Session in the cost of the Industrial Tax Exemption Program (ITEP) to local governments, we obtained and analyzed data from the Louisiana Department of Economic Development (LED) and Louisiana Tax Commission (LTC) to provide estimates of the value of property and associated taxes exempted under ITEP contracts. ITEP's purpose is to incentivize manufacturing companies to locate or expand in Louisiana by partially exempting new or expanded manufacturing facilities from local property tax for up to 10 years.

#### What We Found

We estimate that ITEP cost local governments in Louisiana \$1.5 billion in foregone property tax revenue in calendar year 2021. However, the parishes with the highest amounts of ITEP exemptions per capita tend to have higher property tax collections overall. The Exhibit on the next page shows the top 25 parishes with the most ITEP exemptions and the amount exempted under ITEP per capita.

Chemical manufacturers accounted for 80.7% of ITEP tax exemptions, with petroleum and coal products manufacturers accounting for the next largest share at 6.5%. Of the 25 parishes with the highest ITEP exempt taxes per capita, chemical manufacturing received the largest amount of ITEP exemptions. Among the remaining 33 parishes that had ITEP exemptions, machinery manufacturing was the most common industry.

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# Industrial Tax Exemption Program

## Program Statistics and Fiscal Impact on Local Governments

### What We Found (Cont.)

Top 25 Parishes with Highest ITEP Exemptions Calendar Year 2021 (in Millions)			
Parishes (Ranked by Amount Exempted)	Amount Exempted Under ITEP	Amount Taxes Levied	Amount Exempted as % of Amount Levied
1. Cameron	\$704.8	\$58.2	1,211.8%*
2. Calcasieu	270.7	285.3	94.9%
3. Ascension	123.9	170.8	72.6%
4. St. Charles	119.8	189.1	63.3%
5. Iberville	48.8	79.9	61.1%
6. St. James	40.2	71.6	56.1%
7. East Baton Rouge	28.7	564.4	5.1%
8. West Baton Rouge	24.6	62.4	39.4%
9. Orleans	13.6	603.8	2.3%
10. St. John the Baptist	11.9	98.0	12.1%
11. La Salle	8.7	13.1	66.3%
12. St. Mary	7.9	54.4	14.5%
13. St. Bernard	7.7	56.2	13.7%
14. Rapides	6.9	110.9	6.2%
15. Jefferson	6.3	447.0	1.4%
16. Washington	6.2	24.0	25.8%
17. DeSoto	5.2	85.5	6.1%
18. Beauregard	4.5	36.9	12.3%
19. Ouachita	4.3	129.4	3.3%
20. Lincoln	3.0	40.4	7.4%
21. Jackson	3.0	20.7	14.3%
22. Lafayette	2.5	224.6	1.1%
23. Caddo	2.4	301.3	0.8%
24. West Feliciana	2.4	35.4	6.7%
25. Morehouse	2.2	18.2	11.8%
<b>Top 25 Parishes</b>	<b>\$1,460.0</b>	<b>\$3,781.4</b>	<b>38.6%</b>
<b>Remaining 39 Parishes</b>	<b>\$24.0</b>	<b>\$1,491.9</b>	<b>1.6%</b>
<b>Statewide</b>	<b>\$1,484.1</b>	<b>\$5,273.3</b>	<b>28.1%</b>
<p>*In Cameron Parish, 93.8% of property is exempt under ITEP, but the remaining 6.2% of property is taxable, and entities in Cameron parish were still able to levy \$58.2 million in taxes on taxable property in 2021. The presence of high-value LNG facilities exempted under ITEP in comparison to the small population in the rest of the parish cause Cameron Parish to be an outlier.</p> <p><b>Source:</b> Prepared by legislative auditor's staff using data from LTC, LED, the Louisiana Secretary of State, and the U.S. Census Bureau.</p>			

View the full report at [www.la.gov](http://www.la.gov).