

ENTERPRISE ZONE PROGRAM

The Enterprise Zone (EZ) Program is a JOBS incentive program which created Louisiana Income and Franchise tax credits and State and/or Local Sales and Use tax rebates to businesses locating in officially designated Enterprise Zones (EZ) and Economic Development Zones (EDZ). PLEASE NOTE: All criteria for the EZ also apply to EDZ. The Lafayette Downtown District is an officially designated EDZ.

The Board of Commerce and Industry is the authority which approves Enterprise Zone benefits. The Department of Economic Development (DED) is the state agency that processes EDZ applications and administers the program on behalf of the Board.

PROGRAM BENEFITS

TAX CREDITS

- ❖ A one time \$2,500 tax credit is generated for each net new job created and certified during the contract period. Businesses with Standard Industrial Classification Code (SIC) in the 3720 and 3760 groups may qualify for a \$5,000 tax credit for each net new certified job created.
- ❖ If a certified new employee receives Family Independence Temporary Assistance Program (FITAP), an additional 2,500 tax credit may be generated in the second year of employment.
- ❖ Jobs tax credits are used to satisfy State Income and or Franchise Tax obligations. Special corporations (such as LLCs and Subchapter S) are allowed to pass the tax credits through to the owners. The credits may be used in the year generated or carried forward for up to 10 years.

SALES/USE TAX REFUND

- ❖ A rebate of State Sales and Use Taxes on materials purchased and used in the applicant's new infrastructure, machinery, and equipment purchased during the construction period and used exclusively on site, in that business. This rebate covers the construction period only which is limited to a twenty-four (24) month period.
- ❖ A rebate of a portion of the Local Sales and Use Taxes are only available with a resolution, stating that fact, from each local governmental subdivision involved. This resolution must be passed by that local governing authority prior to the approval of that application by the Board of Commerce and Industry. Local Sales and Use Taxes dedicated to the schools or to the repayment of bonds are not eligible for rebates.

ELIGIBILITY

- ❖ Any business, except those engaged in residential development, must be establishing a new operation or expanding an existing one in a designated EZ or EDZ or the site will be in a designated area before the construction of the project is completed. Any company with an EZ contract effective date prior to January 1, 1996, is eligible to apply on any additional qualifying expansions at that location.

(Over)

- ❖ A business must either, create a minimum of five (5) new jobs within the first twenty-four (24) months of the contract OR increase present workforce by 10% within the first 12 months of the contract period.
 - All jobs that generate a tax credit must be filled with a Louisiana resident. A Louisiana resident is someone who has lived in Louisiana at least 30 consecutive days prior to being hired by the applicant.
 - 35% of all jobs that generate a tax credit must be certified to be in one of the programs targeted groups (see **HIRING/RESIDENCY REQUIREMENTS AND CERTIFICATION OF JOBS**).

APPLICATION PROCEDURES

1. An applicant must file an **Advance Notification Form with DED** (\$100 processing fee) prior to starting construction, purchasing or installing equipment.
2. A completed **EZ Application Form** and fee must be filed with the **DED** within three (3) months after the completion of construction.
3. An EZ map showing the project location within that zone must be submitted to the DED with the **Application**.
4. An **Endorsement Resolution** must be passed by the local governmental subdivision (s) stating that the Local Sales/Use taxes will be refunded. This resolution is then submitted to the Department **with the Application**. The Board of Commerce and Industry’s Screening Committee will review the **Application** and the full Board will take action on the Screening Committee’s recommendation at its next meeting. After approval of the Application, a contract is entered into between the Board and applicant.
5. An **Inspection Affidavit** form must be submitted with a \$100 fee, six (6) months after completion of construction or returned with the signed original contract, whichever is later.
6. The Board of Commerce and Industry requests businesses applying for and receiving exemptions from or credits against either State or local taxes, and their contractors, to give consideration to the use of Louisiana manufacturers, suppliers, contractors and labor.

HIRING/RESIDENCE REQUIREMENTS AND CERTIFICATION OF JOBS

At least 35% of all jobs generating tax credits must be certified as meeting one of the following:

- ❖ In urban parishes having a 1990 population exceeding 75,000 new employees must live in an Enterprise Zone **in the parish the applicant business is located**. Employers who have a workforce of more than 500 employees may also qualify new employees who live in an EZ in an adjoining parish...OR...In rural parishes having a 1990 population of 75,000 or less, or in **Economic Development Zones**, the new employees must live **in the parish the applicant business is located**.
- ❖ New employees receiving some form of public income (WIC, FITAP, etc.) or employment assistance (Louisiana Job Service, Vo-Tech School, etc.) within six (6) months immediately prior to being hired.
- ❖ New employees who can be certified as “lacking in basic skills.” (A person whose basic reading, writing, or math proficiency is below the 9th grade level.)

FOR ADDITIONAL INFORMATION

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Note: DDA (291-5566) or LEDA (593-1400) can assist loan applicants with filings