

ITEP

The Industrial Tax Exemption Program is Essential to Louisiana

What is ITEP?



The Industrial Tax Exemption Program (ITEP) is a state incentive program, which offers an attractive tax incentive for manufacturers to build or expand in the state. It is not a subsidy; applicants receive NO money from the government. ITEP is an exemption of a certain amount of property taxes (ONLY) for a specified amount of time. Prior to 2016, Louisiana competed and won many large manufacturing investments from companies around the globe due, in large part, to ITEP. The essential incentive program offsets an otherwise uncompetitive tax system in Louisiana.

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Why is ITEP Important?



Any company looking to build or invest will consider incentives programs being offered by states. Nearly all states offer some or multiple incentive programs to companies interested in building or expanding in their states, including 39 states offering industrial tax exemption programs. States understand companies invest a great deal of money and resources in planning and building new multi-million and multi-billion manufacturing complexes, especially in the first 10 years. These projects are asset intensive, and the manufacturing equipment residing on these properties are worth hundreds of millions of dollars. Incentives assist businesses in prioritizing investment costs in the early phases of production. In the 80-plus years of the ITEP's existence, Louisiana gained hundreds of billions of dollars in investments and hundreds of thousands of jobs from industry.

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How do Changes to ITEP Hurt Louisiana?



Prior to 2016, ITEP's benefits, criteria and process were clearly defined in Louisiana. The application process was predictable, transparent and fair. The uncertainty created by the changes to ITEP since 2016 has companies looking at other states and other parts of the world to invest in new projects.

What is Industry's Impact in Louisiana?



The chemical industry is essential to Louisiana. It is the second largest producer of direct jobs in the state, employing 29,109 people and supporting 267,601 additional jobs in the state. One out of every 7 jobs in the state is linked to the industry equaling \$15.7 billion in household income in 2017. In addition, industry continues to be a major supporter in communities in which they operate. Millions of dollars are donated each year to and thousands of employees volunteer with local organizations, hospitals, schools and non-profits.

Does Industry Pay Taxes?



Each year, businesses operating in Louisiana pay 50 percent of all local and state taxes collected in Louisiana. Companies typically pay more taxes and/or higher rates on similar taxes than in other states. Louisiana's chemical industry paid **\$2 billion** in state and local taxes in 2017.

How You Can Help Louisiana?



There are mistruths being spread about ITEP and the chemical industry's tax contributions to the state. Both are immensely important, and these false claims must be corrected. We are encouraging the community to learn more about ITEP and the chemical industry's importance to Louisiana by visiting www.basf.us/la.

Take Action!



If you believe industry is essential to Louisiana, please voice your support. Call or email your:

- **School Board Members**
- **City/Parish Council Members**
- **Sheriff's Department**
- **State Representative and State Senator**

Tell them to support the chemical industry and ITEP.

Information contained in the document were gathered from the following sources:

- **Louisiana Office of the Governor**
- **Louisiana Department of Economic Development**
- **Louisiana Department of Revenue**
- **Louisiana Association of Business and Industry**
- **Dr. Loren Scott, economist**