

Louisiana's Tax Advantages

Businesses in Louisiana have access to a competitive, comprehensive portfolio of state and federal incentives that can make a profound impact on a company's bottom line. Incentives, such as Enterprise Zone, Quality Jobs, Research & Development Tax Credit, Industrial Tax Exemption and Louisiana FastStart™ are available to help companies compete and succeed.

A Business-Friendly Tax Environment

Louisiana has encouraged business development by recently eliminating several taxes, including a sales tax on manufacturing machinery and equipment, a sales tax on natural gas and business utilities and the capital gains tax on the sale of privately held businesses, as well as a phase out of the franchise tax on corporate debt by 2011. Louisiana also deducts federal income tax from state corporate income tax. To support small business development, Louisiana also recently eliminated the minimum corporate franchise tax. These pro-growth policies have strengthened Louisiana's tax environment, making it a more competitive place to invest and develop a business.

According to Anderson Economic Group LLC's *2008 State Business Tax Burden State Rankings*, Louisiana ranked No. 6 for states with the lowest tax burden. Louisiana also ranked No. 6 on business taxes to state profits and No. 2 on business taxes to private GSP. Taxes consumed 12.2 percent of Louisiana business profits, compared to the national average of 16.7 percent. The state has also recently implemented the largest personal income tax cut in state history, putting more money back into the pockets of Louisiana's taxpayers.

The Progress Continues

Louisiana continues to ascend the national rankings as a state for doing business, including improvements in the most recent editions of Forbes' *Best States for Business* rankings, the Tax Foundation's *State Business Tax Climate Index*, Anderson Economic Group LLC's *State Business Tax Burden State Rankings* and Small Business & Entrepreneurship Council's *Small Business Survival Index 2008*. Fitch and Standard & Poor also upgraded Louisiana's bond rating for the second straight year.

Good Deals for Manufacturers

Louisiana's use of single-factor sales apportionment for calculating manufacturers' corporate income taxes provides them a significant cost advantage. It means that manufacturers are not taxed on earnings generated by sales to out-of-state entities. This is not the case in the majority of other states. As of July 1, 2009, electricity, water, natural gas, machinery and equipment used by manufacturers are exempt from Louisiana sales tax.

Inventory Tax Advantage

In Louisiana, when a business files its state income and franchise tax, it can simply claim the amount it paid to local authorities for inventory taxes as a refundable credit. If the inventory taxes paid to the local authorities exceed the company's state income and franchise tax liabilities, the company gets the balance as a refund.

Combined with the state's strong logistics and infrastructure, comprehensive workforce development plan and innovative industry developments, the state's tax advantages make it clear that Louisiana is the place for business investment.