



Sample Calculation of Benefits – Quality Jobs Incentive

Assume Project XYZ employs 200 workers at an average annual salary of \$50,000, not including benefits. The qualified average annual gross payroll would total \$10,000,000. Under Louisiana's Quality Jobs Incentive assume the company qualifies for the 6% payroll rebate, or \$600,000 would be rebated to Project XYZ by the state each year for ten years. The total payroll rebate over 10 years would be \$6,000,000.

Project XYZ's state sales/use tax liability from construction is the sum of the 4.0% state rate times the cost of two separate groups of purchases. The first is the Taxable Capital Investment less Machinery and Equipment, or \$50,000,000. The second is the \$50,000,000 worth of Machinery and Equipment, which if installed after July 1, 2009 is not subject to state sales tax. The \$50,000,000 Taxable Capital Investment less Machinery and Equipment is the total figure subject to state sales tax.

The state sales/use tax liability on total taxable capital investment is estimated to be \$2,000,000. The local sales/use tax liability is simply 5.00% times the \$100,000,000 of taxable capital investment, or \$5,000,000. The total sales/use tax liability is \$7,000,000.

Under the Quality Jobs Program, the \$2,000,000 paid to the state is rebated back to Project XYZ. Since 1.00% local sales/use tax rebate, or \$1,000,000 is assumed, the total rebate of sales/use is \$3,000,000.

With the \$6,000,000 in payroll rebates and the \$3,000,000 in rebated sales/use tax, the total benefit to Project XYZ from the Quality Jobs Program over its ten-year life is \$9,000,000.



Sample Calculation

<u>Payroll rebate:</u>	
Expected new job creation	200
Average annual payroll	\$50,000
Total expected annual payroll	\$10,000,000
Program rebate factor	6%
Total annual rebate	\$600,000
Total annual rebate over 10 years	\$6,000,000
 <u>State sales tax rebate:</u>	
Project XYZ's purchase of M&E	\$50,000,000
Taxable portion of M&E (0%)	\$0
Taxable capital investment less Machinery & Equipment	\$50,000,000
Total amount subject to state sales tax	\$50,000,000
State sales tax rate	4.0%
State sales tax liability	\$2,000,000
Rebate: (100%)	\$2,000,000
 <u>Local sales tax rebate:</u>	
Total taxable capital	\$100,000,000
Local sales tax rate	5.00%
Local sales tax liability	\$5,000,000
Rebate: (1.0% assumed)	\$1,000,000
 Total sales tax rebate	 \$3,000,000
 Total value of rebates and cash benefits	 \$9,000,000