



## MULTISTATE INDIRECT TAX

# Louisiana modifies approval process for the Industrial Tax Exemption Program

## Overview

On February 21, 2024, the governor of Louisiana signed [Executive Order Number JML 24-23](#) (“EO No. 23-24”), revising the Louisiana Industrial Tax Exemption Program (“ITEP”). The ITEP was established in 2016 to provide property tax abatements and exemptions to eligible manufacturers investing in the state. Among other revisions, EO No. 23-24 revises the standards and approval process for the ITEP by removing the previously required job creation condition for eligibility. The revisions set forth criteria that the governor and the Board of Commerce and Industry will consider for purposes of deciding what is in the best interests of the state and which ITEP projects will be approved.

This Tax Alert summarizes some of the key provisions of EO No. 23-24.

## Summary

- EO No. 23-24 includes the following changes to ITEP while retaining elements of the existing program:
  - **Removal of job creation/retention requirements:** EO No. 23-24 removes previous mandates for job creation or retention as conditions for eligibility. EO No. 23-24 provides that ITEP contracts are intended to demonstrate a genuine commitment to investing in the communities in which they operate.
  - **Consolidation of local input process:** EO No. 23-24 provides that input from local ITEP committees is important for consideration of an industrial tax exemption, but it should not unduly delay the ITEP application process. Therefore, input procedures have been streamlined through the formation of a single parish ITEP Committee, and the timeline for obtaining necessary local input has been shortened.
- Elements of the program that remain unchanged:
  - **Property tax abatement cap:** The property tax exemption remains capped at 80% of the qualifying property value. This

cap applies both to the initial five-year contract term and to any renewals for additional periods of up to five years.

- **Exclusion of miscellaneous capital additions (MCAs):** Consistent with prior policy, MCAs remain ineligible for ITEP benefits. This category includes maintenance expenses, required environmental upgrades, and replacement parts not involved in extensive restorations.
- EO No. 23-24 went into effect on February 21, 2024. All applications approved before this date will not be affected by these changes. Additionally, EO No. 23-24 does not relieve any existing participants in the ITEP from their contractual obligations.

## Get in touch

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