

TAX CREDITS AND REBATES IN LOUISIANA



PERFORMANCE AUDIT
ISSUED MARCH 20, 2013

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

March 20, 2013

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Charles E. "Chuck" Kleckley,
Speaker of the House of Representatives

Dear Senator Alario and Representative Kleckley:

This report provides the results of our review on the impact of tax credits and rebates on tax revenue in Louisiana and how the state budget process accounts for them. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the management and staff of the Louisiana Department of Revenue and the Legislative Fiscal Office for their assistance during this audit.

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/dl

TAX CREDITS AND REBATES 2013

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Tax Credits and Rebates in Louisiana

March 2013

Audit Control # 40120060

Introduction

This report provides the results of our review of tax credits and rebates in Louisiana. A tax credit reduces an entity's or individual's state tax liability. A rebate is money directly reimbursed by the state to an entity or individual, independent of the tax return process or tax liability. The purpose of this review is to provide information on the impact of credits and rebates on tax revenue in Louisiana and how the state budget process accounts for them. During this review, we focused on tax credits and rebates that each resulted in at least \$1 million in revenue loss to the state for at least one year from calendar year 2006 to 2011. The audit objectives are as follows:

1. What was the population of tax credits in Louisiana that each resulted in at least \$1 million in revenue loss to the state for at least one year from calendar year 2006 to 2011?
2. What was the impact of these tax credits and associated rebates on tax revenue in Louisiana?
3. How does the Louisiana budget process account for tax credits and rebates?

Background

As of February 2012, Louisiana had a total of 85 tax credits. These tax credits can be claimed on individual income, corporation income, or corporation franchise tax returns. Of the 85 tax credits, eight (9%) have a rebate component. These credits and rebates are authorized by state law.

Tax Credits. A tax credit is a type of tax exemption that results in a dollar for dollar reduction in an entity's or individual's tax liability to the state. There are two types of tax credits:

- *Refundable tax credits* fully reimburse taxpayers for some desired spending, regardless of tax liability.

- *Nonrefundable tax credits* reduce the tax liability, but cannot exceed total taxes owed. Nonrefundable tax credits may allow the recipients to carry forward unused credit amounts into subsequent tax years.

Tax Rebates. A rebate is money directly reimbursed by the state to an entity or individual, independent of the tax return process or tax liability. Rebate payments are issued for qualifying expenditures or for selling tax credits directly back to the administering agency. Eligible rebates are paid when the beneficiary presents benefit paperwork to the Louisiana Department of Revenue (LDR).

Although rebates provide the same dollar benefit as tax credits, recipients realize their benefits sooner because they are not required to file tax returns. For the Enterprise Zone and Quality Jobs rebates, Act 720 of the 2008 Regular Legislative Session provided that recipients are entitled to 80% of the requested amount immediately and may receive the remaining benefit amount within 90 days pending LDR approval.

Objective 1: What was the population of tax credits in Louisiana that each resulted in at least \$1 million in revenue loss to the state for at least one year from calendar year 2006 to 2011?

As of October 2012, 44 (52%) of Louisiana's 85 tax credits resulted in at least \$1 million in revenue loss to the state for at least one year during calendar years 2006 through 2011. Six (14%) of the 44 tax credits also have a rebate component that resulted in additional revenue loss. Exhibit 1 lists these credits and rebates. See Appendix B for the purpose and description of these credits.

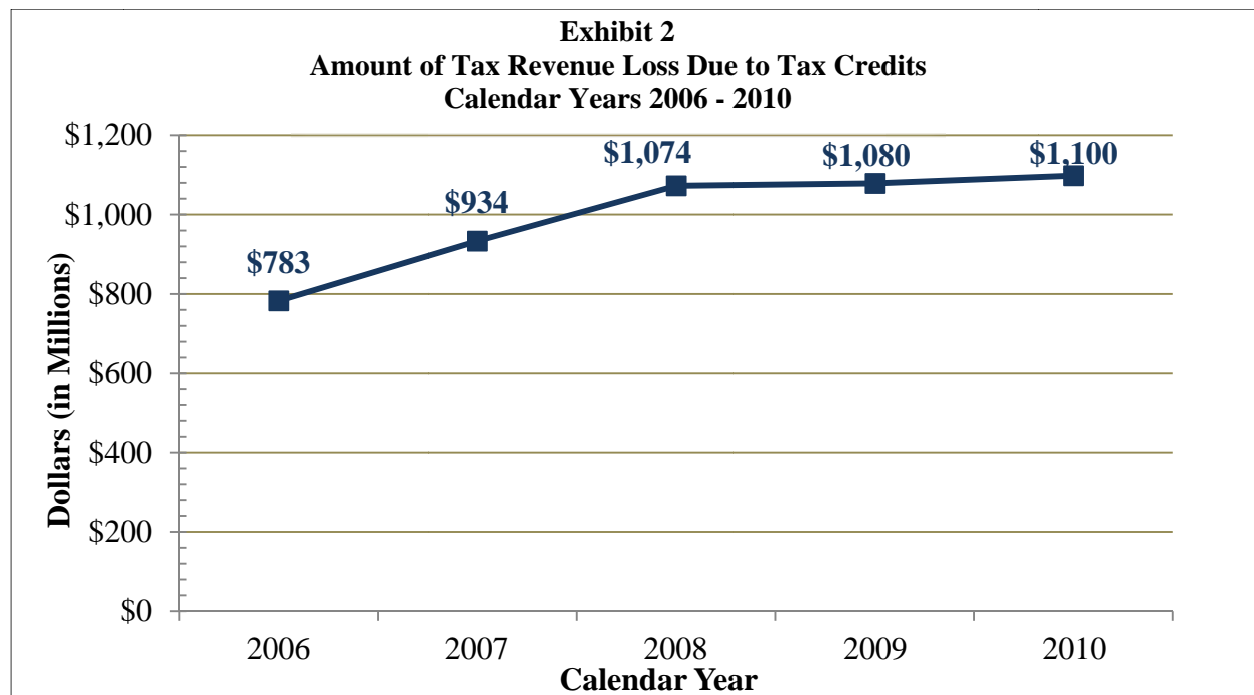
Exhibit 1	
Louisiana Tax Credits and Rebates Over \$1 Million as of October 2012	
1. Ad Valorem Tax Credit for Offshore Vessels	23. Louisiana Community Development Financial Institutions Act Credit
2. Ad Valorem Tax on Natural Gas	24. Louisiana Motion Picture Incentive Program
3. Angel Investor Tax Credit Program	25. Louisiana Quality Jobs Program*
4. Apprenticeship Tax Credit	26. Milk Producers Tax Credit
5. Brownfields Investor Tax Credit	27. Motion Picture Infrastructure Tax Credit
6. Certain Disabilities	28. Motion Picture Investor Tax Credit*
7. Child Education Credit	29. Musical & Theatrical Productions
8. Contribution of Tangible Personal Property of Sophisticated & Technological Nature to Educational Institutions	30. Net Income Taxes Paid to Other States
9. Conversion of Vehicles to Alternative Fuel	31. New Jobs Credit
10. Credit for Ad Valorem Tax Paid by Certain Telephone Companies	32. New Markets Tax Credit
11. Credit for Certain Child Care Expenses	33. Property Insurance
12. Credit for Rehabilitation of Historic Structures	34. Recycling Tax Credit
13. Credit for the LA Citizens Property Insurance Corporation Assessments	35. Research and Development Tax Credit
14. Digital Interactive Media Producer Tax Credit	36. School Readiness Child Care Credit
15. Earned Income Tax Credit	37. School Readiness Child Care Directors and Staff Credit
16. Employee-Dependent Health Insurance	38. School Readiness Child Care Provider Credit
17. Enterprise Zones*	39. Small-town Doctors/Dentist
18. Exemptions for Manufacturing Establishments*	40. Sound Recording**
19. Industrial Tax Equalization Program*	41. Special Allowable Credits
20. Insurance Company Premium Tax	42. Sugarcane Transport Credit
21. Inventory Tax/Ad Valorem Tax	43. Vendor's Compensation
22. Louisiana Capital Companies Tax Credit Program	44. Wind and Solar Energy System Credit
*These credits have a rebate component.	
**The Sound Recording rebate component, not credit, resulted in at least \$1 million in revenue loss for at least one year during calendar years 2006 through 2011.	
Source: Created by legislative auditor's staff using information from LDR's 2011-2012 Tax Exemption Budget.	

Objective 2: What was the impact of these tax credits and associated rebates on tax revenue in Louisiana?

Overall, the 44 tax credits and six rebates identified in Objective 1 resulted in a decrease in tax revenue for the state. The specific impact of each is described below.

Louisiana had a tax revenue loss of approximately \$5.4 billion from tax credits during calendar years 2006 through 2011.

Collectively, the 44 tax credits resulted in a reduction of approximately \$5.4 billion in tax revenue for calendar years 2006 through 2011. The annual revenue loss increased approximately 40% from \$783 million in calendar year 2006 to \$1.1 billion in calendar year 2010.¹ Exhibit 2 shows the annual revenue loss as a result of the 44 credits. Appendix C contains a breakdown of the revenue loss by individual credit for each calendar year.



Source: Prepared by legislative auditor's staff using information provided by the Louisiana Department of Revenue (LDR).

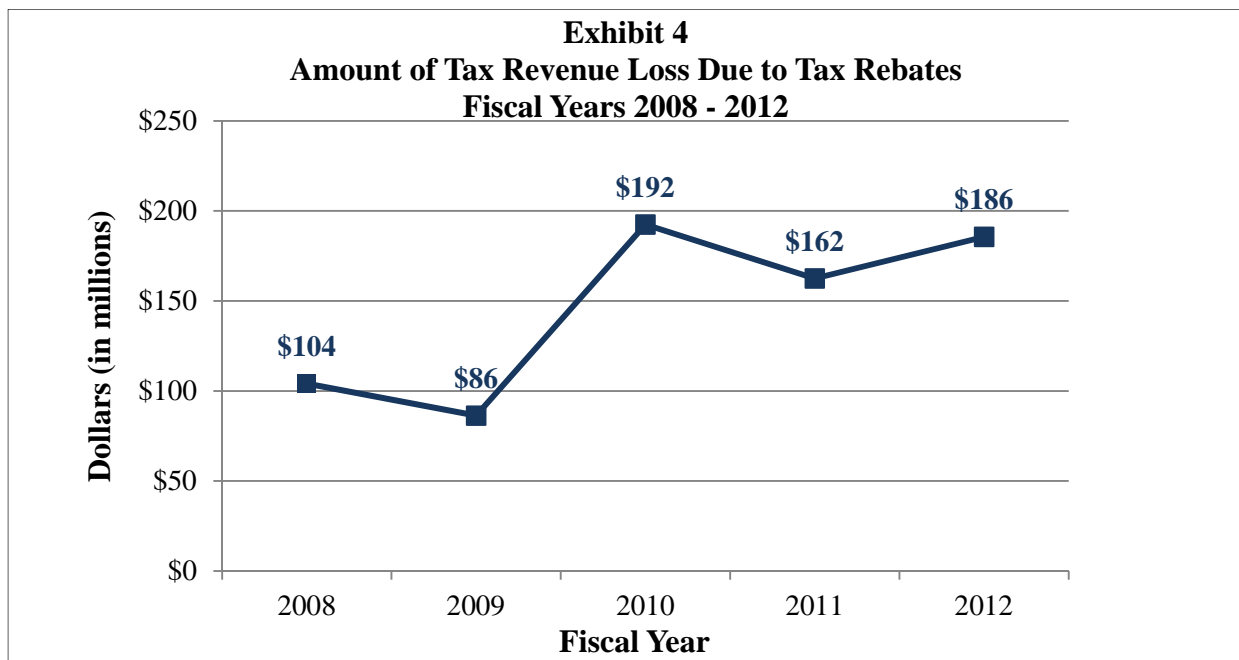
Exhibit 3 shows the five tax credits that had the highest amount of tax revenue loss in Louisiana from calendar years 2006 through 2011. These five credits accounted for approximately \$3.7 billion, or 67%, of the total tax revenue loss during this timeframe.

¹ We did not include calendar year 2011 data in the percent change in revenue loss because LDR is still receiving tax returns for the 2011 tax year and the data may be incomplete. However, the amount of revenue loss as of October 2012 can be found in Appendix C.

Exhibit 3 Top Five Tax Credits Resulting in Revenue Loss Calendar Years 2006 - 2011	
Tax Credit	Total Revenue Loss
1. Inventory Tax/Ad Valorem Tax	\$1,459,187,430
2. Insurance Company Premium Tax	1,081,585,568
3. Motion Picture Investor Tax	511,613,716
4. Net Income Taxes Paid to Other States	402,477,965
5. Credit for Louisiana Citizens Insurance Corporation Assessments	212,443,346
Total	\$3,667,308,025
Source: Prepared by legislative auditor's staff using information collected from LDR.	

Louisiana had a tax revenue loss of approximately \$731 million from tax rebates during fiscal years 2008 through 2012.

Collectively, the six rebates resulted in direct payments of approximately \$731 million for fiscal years 2008 through 2012. LDR tracks rebate information by fiscal year; therefore, the revenue loss associated with rebates is presented by fiscal year. The amount of tax revenue loss resulting from the tax rebates increased by approximately 78%, from \$104 million in fiscal year 2008 to \$186 million in fiscal year 2012. Exhibit 4 shows the annual tax revenue loss as a result of the six rebates. Appendix D contains a breakdown of the revenue loss by individual rebate for each fiscal year.



Source: Prepared by legislative auditor's staff using information provided by LDR.

Objective 3: How does the Louisiana budget process account for tax credits and rebates?

The Louisiana budget process accounts for tax credits and rebates through the revenue forecasting process. Tax credits and rebates do not receive funding through the General Appropriations Bill. Instead, they are treated as tax dollars that are not collected and therefore result in a loss of revenue available for the state General Fund. However, according to the Tax Exemption Budget, the Louisiana Department of Revenue's (LDR) annual report on revenue loss as a result of tax exemptions, the fiscal effect of a tax credit or rebate is the same as a direct fund expenditure.

The Legislative Fiscal Office and the Office of Planning and Budget develop competing state tax revenue forecasts two to four times per year and present them to the Revenue Estimating Conference for unanimous approval by the conference members. Revenue Estimating Conference forecasting is divided into four parts, as outlined in Exhibit 6.

Exhibit 6: Louisiana's Revenue Forecasting Process				
	Initial Forecast	Pre-Session Forecast	Post-Session Forecast	Final Forecast
Time of Forecast	As much as eighteen months prior to the start of a fiscal year or the preceding fall.	During the legislative session, in mid-May after preliminary income tax collections from April are known.	Held in the fall of each year, unless large session actions need to be adopted prior to the enactment of an appropriations bill.	Can range from the second half of the fiscal year, but recently conducted at the same time as the pre-session forecast.
Purpose	Establishes the first forecast of a particular year; the first forecast used in the construction of the Executive Budget proposal.	Establishes the latest forecast before the enactment of the General Appropriations Bill; legislative adjustments to the executive proposal are made on the basis of this forecast.	Incorporates session actions that are expected to affect revenue collections.	This forecast is used to adopt supplemental appropriations near the end of the current fiscal year.
Source: Prepared by legislative auditor's staff using information provided by Legislative Fiscal Office.				

LDR provides information on revenue collections, net of credit and rebate payments, to the Legislative Fiscal Office on a monthly basis. Because revenue losses that result from tax credits and rebates are not known in advance, there is an increased chance of error in revenue forecasting which could lead to mid-year budget cuts. According to the Legislative Fiscal Office, the cost of a one percent forecast error would have been \$77.5 million in fiscal year 2011.

The legislature has passed legislation in recent years that requires the inclusion of revenue losses from tax exemptions in the Executive Budget, state budget, and as an appendix to the General Appropriations Bill. Exhibit 7 contains recent legislation to incorporate tax credits and other exemptions into the budget process. In addition, during the 2011 Regular Legislative Session, the Senate proposed Senate Bill 221, which would have required the amount of tax dollars that are not collected as a result of tax credits, rebates, and other exemptions authorized by state law and result in a loss of state tax revenues to be shown as a line item in the General Appropriations Bill for that year.

Exhibit 7		
Legislation to Incorporate Tax Exemptions into the Budget Process		
Session	Bill	Description
2008 Regular Session	Act 735	Requires the inclusion of the Five Year Estimated Revenue Loss Chart from the Tax Exemption Budget in the Executive Budget, the state budget, and be available as an appendix to the General Appropriations Bill.
2010 Regular Session	Act 969	Requires the Five Year Estimated Revenue Loss Chart from the Tax Exemption Budget as an appendix to the General Appropriation Bill, and that the Joint Legislative Committee on the Budget shall annually review and evaluate the Five Year Estimated Revenue Loss Chart.
2011 Regular Session	Act 365	Requires the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs to conduct hearings on the Tax Exemption Budget every odd-numbered year. It requires the committees to analyze and consider tax exemptions which have caused a revenue loss to the state of \$10 million or more in any one of the last three fiscal years. The committees may report to the legislature findings or recommendations developed as a result of the hearings.
2012 Regular Session	SCR 103	Created the Revenue Study Commission, tasked with determining the economic impact of tax expenditures and reducing or eliminating low-performing or antiquated tax expenditures. The report was issued on March 4, 2013.
Source: Prepared by legislative auditor's staff using information provided by the Legislative Fiscal Office.		

APPENDIX A: SCOPE AND METHODOLOGY

Louisiana Revised Statute 25:513(D)(4) directs the Louisiana Legislative Auditor to conduct performance audits, program evaluations, and other studies to enable the legislature and its committees to evaluate the efficiency, effectiveness, and operation of state programs and activities. This informational report provides information on tax credits and rebates in the State of Louisiana from 2006 through 2011. Our audit focused on the fiscal impact of tax credits and rebates and how the state budget process accounts for them.

We conducted this performance audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. To answer the audit objectives, we reviewed internal controls relevant to the audit objectives and performed the following audit steps:

- Obtained and reviewed laws and policies to determine the full population of tax credits and rebates and the agencies responsible for them.
- Interviewed staff in the Louisiana Department of Revenue (LDR) Tax Administration Division to obtain additional information on tax credits and rebates.
- Obtained and reviewed the LDR Tax Exemption Budget.
- Obtained and analyzed tax credit and rebate data from LDR to determine the impact on tax collections in Louisiana.
- Attended the Revenue Study Commission and Revenue Estimating Conference meetings.
- Interviewed personnel in the Legislative Fiscal Office and LDR to determine how Louisiana budgets for tax credits and rebates.

APPENDIX B: LOUISIANA TAX CREDITS AND REBATES OVER \$1 MILLION

Louisiana Tax Credits and Rebates Over \$1 Million	
Tax Credit	Description/Purpose
1. Ad Valorem Tax Credit for Offshore Vessels	A refundable credit is allowed for ad valorem taxes paid on vessels that operate principally in Outer Continental Shelf Lands Act Waters.
2. Ad Valorem Tax on Natural Gas	A refundable credit is allowed for ad valorem taxes paid to political subdivisions of Louisiana on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage.
3. Angel Investor Tax Credit Program	To encourage third parties to invest in early stage wealth-creating businesses in the state, expand the state's economy by enlarging its base of wealth creating businesses, and to enlarge the number of quality jobs available to retain the presence of young people educated in the state.
4. Apprenticeship Tax Credit	A credit is allowed for employers for employing eligible apprentices.
5. Brownfields Investor Tax Credit	To stimulate environmental development in Louisiana by encouraging the cleanup, redevelopment, and productive reuse of brownfields sites in the state.
6. Certain Disabilities	A credit of \$100 is allowed for taxpayers, spouses, or dependents who are blind, deaf, mentally incapacitated, or have lost the use of a limb. The purpose of this credit is to reduce the tax burden for persons with certain disabilities.
7. Child Education Credit	A credit of \$25 is allowed for each qualified dependent child who was in school in kindergarten through 12th grade at least part of the year. This credit enacted in 1980 was suspended beginning with the tax year 1986 through tax year 1995. The purpose of this credit is to assist taxpayers with education expenses.
8. Contribution of Tangible Personal Property of Sophisticated & Technological Nature to Educational Institutions	A credit is allowed to corporations, persons, estates, and trusts that donate, sell below cost, or contribute properties of a sophisticated and technological nature to educational institutions in the state of Louisiana. The purpose of this credit is to encourage donations of qualifying equipment to educational institutions.
9. Conversion of Vehicles to Alternative Fuel	To provide an incentive to persons or corporations to invest in qualified clean burning motor vehicle fuel property.
10. Credit for Ad Valorem Tax Paid by Certain Telephone Companies	A refundable credit is allowed for 40 percent of the total ad valorem taxes paid to Louisiana political subdivisions by telephone companies on their public service properties which are assessed by the Louisiana Tax Commission at 25 percent of fair market value.
11. Credit for Certain Child Care Expenses	Taxpayers are allowed a credit for a percentage of the federal child and dependent care credit taken on a resident's federal income tax return.
12. Credit for Rehabilitation of Historic Structures	A tax credit is allowed for the eligible cost and expenses incurred during the rehabilitation of a historic structure located in a downtown development or a cultural product district.

Louisiana Tax Credits and Rebates Over \$1 Million	
Tax Credit	Description/Purpose
13. Credit for the LA Citizens Property Insurance Corporation Assessments	A credit is allowed in the amount of surcharges, market equalization charges, or assessments paid as a result of the assessments levied by the Louisiana Citizens Property Insurance Corporation due to hurricanes Katrina and Rita.
14. Digital Interactive Media and Software Tax Credit	To encourage development of a strong capital base for the production of digital interactive media in order to achieve a more independent, self-supporting industry.
15. Earned Income Tax Credit	A credit is allowed for residents of the state who are eligible for the federal earned income tax credit. The credit is equal to 3.5 percent of the federal earned income tax credit taken on a resident's federal income tax return.
16. Employee-Dependent Health Insurance**	A tax credit is allowed for providing employee and dependent health insurance coverage when any contractor or subcontractor with a contract for the construction of a public work offers health insurance coverage and pays at least 75 percent of the total premium for the health insurance coverage for each full-time employee who elects to participate and pays at least 50 percent of total premium for each dependent of the full-time employee who elects to participate.
17. Enterprise Zones*	The Enterprise Zone Program is a jobs incentive program that creates income and franchise tax credits to businesses located in designated enterprise zones that create new jobs and hire at least 35 percent of their new jobs from one of four targeted groups. Because of the jobs creation, sales tax rebates may be available.
18. Exemptions for Manufacturing Establishments*	To induce industrial development in the state, encourage the establishment of new business enterprises and the retention and expansion of existing businesses that fit the Vision 2020 profile.
19. Industrial Tax Equalization Program*	To encourage the establishment and retention of manufacturing establishments, headquarters, or warehousing and distribution establishments in Louisiana by providing a procedure whereby the total state and local taxes imposed upon these establishments may be reduced, after all other tax incentives for specific sites are applied, to the levels imposed by other competing states.
20. Insurance Company Premium Tax	A credit is allowed for any premium taxes paid to the Insurance Commissioner of the state of Louisiana.
21. Inventory Tax/Ad Valorem Tax	A refundable tax credit is allowed for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers. The credit is equal to 100 percent of the ad valorem tax paid.
22. Louisiana Capital Companies Tax Credit Program	To provide assistance in the formation and expansion of new businesses that create jobs in the state by providing for the availability of venture capital financing to entrepreneurs, managers, inventors, and other individuals for the development and operation of qualified Louisiana businesses.
23. Louisiana Community Development Financial Institutions Act Credit	A Louisiana Community Development Financial Institution (LCDFI) is any legal entity whose primary business activity is the investment of cash to acquire equity in or provide financing assistance as a licensed business and industrial development corporation to qualified Louisiana businesses in low-income communities. A LCDFI corporation is exempt from corporation income and franchise taxes for five consecutive taxable periods.
24. Louisiana Motion Picture Incentive Program	To provide a financial incentive to the film industry in order that the state might compete with other states for filming locations.

Louisiana Tax Credits and Rebates Over \$1 Million	
Tax Credit	Description/Purpose
25. Louisiana Quality Jobs Program*	An incentive to encourage businesses to locate or expand existing operations in Louisiana and create quality jobs focusing on Louisiana Vision 2020 traditional and seed clusters industries.
26. Milk Producers Tax Credit	A refundable credit is allowed for resident taxpayers engaged in the business of producing milk for sale.
27. Motion Picture Infrastructure Tax Credit	To provide a credit against corporate income tax for an approved state-certified infrastructure project for a film, video, television, or digital production or postproduction facility. This credit applied to infrastructure projects between July 1, 2005 and December 31, 2008.
28. Motion Picture Investor Tax Credit*	Louisiana taxpayers that invest in state-certified motion-picture productions can earn a tax credit at the time expenditures are made by a motion picture production company.
29. Musical & Theatrical Productions	To provide refundable and transferrable tax credits for the cost of construction and renovation of theatre facilities, production of theatrical presentation, transportation of touring presentation and employment of resident workers.
30. Net Income Taxes Paid to Other States	A credit is allowed for taxes paid to other states. The purpose of this credit is to allow taxpayers to deduct the income tax paid to other states on income also taxed by Louisiana, so as not to subject the taxpayer to double taxation.
31. New Jobs Credit	A credit is allowed for each employee hired into a newly created job.
32. New Markets Tax Credit	To encourage and attract private sector qualified equity investment in a qualified community development entity in the state.
33. Property Insurance	A credit is allowed for seven percent of the premiums paid by individuals on their primary residence for homeowners' insurance, condominium owners' insurance, or tenant homeowners' insurance.
34. Recycling Tax Credit	A credit is allowed for the purchase of new recycling manufacturing or process equipment and/or qualified service contracts.
35. Research and Development Tax Credit	To encourage new and continuing efforts to conduct research and development activities within Louisiana.
36. School Readiness Child Care Credit	The School Readiness Tax Credits are a comprehensive effort to support Quality Start for child care centers through tax breaks to families, child care providers, child care teachers and directors, as well as businesses that support child care.
37. School Readiness Child Care Directors and Staff Credit	The School Readiness Tax Credits are a comprehensive effort to support Quality Start for child care centers through tax breaks to families, child care providers, child care teachers and directors, as well as businesses that support child care.
38. School Readiness Child Care Provider Credit	The School Readiness Tax Credits are a comprehensive effort to support Quality Start for child care centers through tax breaks to families, child care providers, child care teachers and directors, as well as businesses that support child care.
39. Small-town Doctors/Dentist	A credit is allowed for qualified doctors affiliated with a small-town hospital and dentists who relocate their primary office to certain locations, for the lesser of the tax due or \$5,000 per taxable year up to a maximum of five years. The purpose of this credit is to encourage doctors and dentists to locate in small towns.

Louisiana Tax Credits and Rebates Over \$1 Million	
Tax Credit	Description/Purpose
40. Sound Recording*	The purpose of the tax credit is to encourage development in Louisiana of a strong capital and infrastructure base for sound recording productions in order to achieve a more independent, self-supporting music and sound recording industry.
41. Special Allowable Credits	A credit is allowed for ten percent of the amount of certain federal income tax credits.
42. Sugarcane Transport Credit	A credit is allowed for the cost paid by a taxpayer to acquire an eligible sugarcane trailer, to replace an eligible sugarcane trailer, or to convert an ineligible sugarcane trailer to an eligible sugarcane trailer.
43. Vendor's Compensation	This credit compensates the dealer in accounting for and remitting the sales tax.
44. Wind and Solar Energy System Credit	A credit for 50 percent of the first \$25,000 of purchase and installation of a wind energy system or solar energy system, or both, for residential use.
*These credits have a rebate component.	
**According to LDR staff, the Employee-Dependent Health Insurance credit sunset on December 31, 2007.	
Source: Created by legislative auditor's staff using information from LDR's 2011-2012 Tax Exemption Budget.	

APPENDIX C: ANNUAL TAX REVENUE LOSS FROM TAX CREDITS

Annual Revenue Loss for Tax Credits Calendar Years 2006 - 2011*

Tax Credit	2006	2007	2008	2009	2010	2011	Total
1. Inventory Tax/Ad Valorem Tax	\$242,237,210	\$272,261,753	\$282,399,064	\$311,469,167	\$281,860,173	\$68,960,063	\$1,459,187,430
2. Insurance Company Premium Tax	\$165,509,833	\$195,059,150	\$188,713,494	\$237,991,056	\$245,246,186	\$49,065,849	\$1,081,585,568
3. Motion Picture Investor Tax Credit	\$93,771,401	\$92,517,048	\$129,635,126	\$72,529,146	\$88,764,788	\$34,396,207	\$511,613,716
4. Net Income Taxes Paid to Other States	\$61,793,295	\$64,333,608	\$77,608,592	\$66,767,977	\$69,495,437	\$62,479,056	\$402,477,965
5. Credit for the LA Citizens Insurance Corporation Assessments	\$0	\$47,869,293	\$42,913,188	\$45,962,626	\$40,491,894	\$35,206,345	\$212,443,346
6. Vendor's Compensation	\$33,827,629	\$34,205,693	\$35,267,512	\$28,468,224	\$28,436,494	\$29,282,542	\$189,488,094
7. Earned Income Tax Credit	\$0	\$0	\$39,910,516	\$45,601,336	\$45,262,133	\$45,980,201	\$176,754,186
8. Ad Valorem Tax Credit for Offshore Vessels	\$21,420,239	\$22,499,583	\$27,379,961	\$32,117,308	\$41,522,867	\$7,034,434	\$151,974,392
9. Credit for Rehabilitation of Historic Structures	\$14,246,081	\$14,114,312	\$30,679,459	\$35,654,230	\$35,993,654	\$13,357,224	\$144,044,960
10. Credit for Ad Valorem Tax Paid by Certain Telephone Companies	\$25,737,916	\$27,874,573	\$21,602,604	\$23,055,522	\$22,785,104	\$642,920	\$121,698,639
11. Enterprise Zones	\$19,866,725	\$21,650,036	\$19,690,190	\$29,026,391	\$20,399,001	\$5,933,541	\$116,565,884
12. Research and Development Tax Credit	\$21,906,687	\$17,970,081	\$18,272,354	\$31,960,363	\$18,830,775	\$2,191,200	\$111,131,460
13. New Markets Tax Credit	\$7,000	\$6,742,213	\$19,779,800	\$27,900,208	\$43,144,967	\$7,905,509	\$105,479,697

**Annual Revenue Loss for Tax Credits
Calendar Years 2006 - 2011***

Tax Credit	2006	2007	2008	2009	2010	2011	Total
14. Child Education Credit	\$12,241,925	\$17,174,750	\$17,349,325	\$16,908,225	\$17,222,125	\$17,021,050	\$97,917,400
15. Credit for Certain Child Care Expenses	\$6,488,827	\$9,977,265	\$12,020,675	\$14,404,561	\$16,233,120	\$17,560,032	\$76,684,480
16. Louisiana Capital Companies Tax Credit Program	\$21,418,275	\$48,906,572	\$170,917	\$1,854,381	\$1,341,700	\$23,562	\$73,715,407
17. Property Insurance	\$0	\$0	\$55,962,039	\$0	\$0	\$0	\$55,962,039
18. Industrial Tax Equalization Program	\$11,822,640	\$11,961,870	\$10,988,587	\$8,610,868	\$6,565,948	\$749,682	\$50,699,595
19. Wind and Solar Energy System Credit	\$0	\$0	\$1,994,029	\$9,353,918	\$14,398,710	\$22,480,751	\$48,227,408
20. Motion Picture Infrastructure Tax Credit	\$0	\$519,834	\$8,925,181	\$6,245,784	\$8,715,990	\$5,154,498	\$29,561,287
21. Conversion of Vehicles to Alternative Fuel	\$0	\$0	\$0	\$3,009,298	\$8,655,598	\$16,018,961	\$27,683,857
22. Certain Disabilities	\$2,748,100	\$3,065,700	\$3,018,000	\$3,181,000	\$3,445,100	\$3,617,700	\$19,075,600
23. School Readiness Child Care Directors and Staff Credit	\$0	\$0	\$1,502,402	\$3,284,024	\$4,586,242	\$5,809,830	\$15,182,498
24. Louisiana Quality Jobs Program	\$7,746,689	\$7,200,192	\$0	\$0	\$0	\$0	\$14,946,881
25. School Readiness Child Care Provider Credit	\$0	\$0	\$1,631,129	\$3,281,385	\$4,917,016	\$4,728,206	\$14,557,736
26. Angel Investor Tax Credit Program	\$1,081,392	\$1,985,488	\$2,639,332	\$3,306,468	\$3,332,112	\$1,419,200	\$13,763,992
27. Louisiana Community Development Financial Institutions Act Credit	\$1,059,619	\$3,439,540	\$6,226,203	\$786,122	\$486,801	\$418,493	\$12,416,778
28. Ad Valorem Tax on Natural Gas	\$930,139	\$2,160,972	\$2,941,788	\$3,584,174	\$2,514,703	\$138,225	\$12,270,001
29. Louisiana Motion Picture Incentive Program	\$6,569,842	\$908,634	\$483,258	\$631,604	\$1,423,680	\$544,726	\$10,561,744

**Annual Revenue Loss for Tax Credits
Calendar Years 2006 - 2011***

Tax Credit	2006	2007	2008	2009	2010	2011	Total
30. Employee-Dependent Health Insurance	\$6,743,066	\$2,816,753	\$0	\$0	\$0	\$0	\$9,559,819
31. Digital Interactive Media and Software Tax Credit	\$71,509	\$389,636	\$906,670	\$1,274,810	\$4,210,543	\$1,746,573	\$8,599,741
32. Small-town Doctors/Dentist	\$1,086,990	\$1,080,195	\$1,425,516	\$1,349,115	\$1,421,644	\$1,250,548	\$7,614,008
33. Milk Producers Tax Credit	\$0	\$1,170,011	\$1,095,000	\$1,955,000	\$1,735,000	\$1,615,000	\$7,570,011
34. Special Allowable Credits	\$520,385	\$826,912	\$573,342	\$1,830,148	\$1,992,233	\$1,126,058	\$6,869,078
35. Recycling Tax Credit	\$858,328	\$639,274	\$3,251,700	\$279,309	\$1,194,416	\$101,885	\$6,324,912
36. Musical & Theater Productions (Broadway South)	\$0	\$29,943	\$250,272	\$188,813	\$5,481,207	\$102,910	\$6,053,145
37. Contribution of Tangible Personal Property of a Sophisticated & Technological Nature to Educational Institutions	\$710,711	\$777,071	\$1,019,539	\$902,424	\$883,400	\$976,792	\$5,269,937
38. Brownfields Investor Tax Credit	\$3,341	\$0	\$723,179	\$931,011	\$2,877,606	\$600,376	\$5,135,513
39. Exemptions for Manufacturing Establishments	\$557,723	\$581,359	\$2,067,337	\$923,475	\$845,058	\$0	\$4,974,952
40. School Readiness Child Care Credit	\$0	\$0	\$600,555	\$685,548	\$1,125,148	\$1,708,318	\$4,119,569
41. New Jobs Credit	\$424,483	\$754,517	\$536,719	\$1,380,336	\$487,778	\$106,773	\$3,690,606
42. Apprenticeship Tax Credit	\$0	\$0	\$908,748	\$1,058,956	\$962,852	\$541,810	\$3,472,366
43. Sugarcane Transport Credit	\$0	\$0	\$0	\$604,216	\$1,134,622	\$997,089	\$2,735,927
44. Sound Recording**	\$30,742	\$113,977	\$541,752	\$0	\$0	\$0	\$686,471
Total Credits	\$783,438,742	\$933,577,808	\$1,073,605,054	\$1,080,308,527	\$1,100,423,825	\$468,994,139	\$5,440,348,095

*The amount of revenue loss for calendar year 2011 only reflects tax returns received by LDR as of October 2012.

**We included the Sound Recording credit in this exhibit because its rebate component exceeded \$1 million. See Appendix D for more information.

Source: Created by legislative auditor's staff using data collected from LDR.

APPENDIX D: ANNUAL REVENUE LOSS FROM TAX REBATES

Annual Revenue Loss for Tax Rebates Fiscal Years 2008 - 2012						
Tax Rebate	2008	2009	2010	2011	2012	Total
1. Enterprise Zone	\$41,287,559	\$42,413,134	\$76,489,598	\$51,143,777	\$42,777,607	\$254,111,676
2. Motion Picture Investor	\$0	\$0	\$23,280,222	\$62,660,377	\$109,722,108	\$195,662,707
3. Industry Assistance	\$21,098,848	\$2,959,733	\$316,013	\$0	\$150,493	\$24,525,087
4. Quality Jobs	\$41,447,445	\$37,657,680	\$85,691,540	\$47,541,106	\$32,712,077	\$245,049,847
5. Sound Recording	\$0	\$0	\$330,203	\$1,136,708	\$216,061	\$1,682,972
6. Tax Equalization	\$258,334	\$3,257,186	\$6,344,011	\$0	\$0	\$9,859,531
Total Rebates	\$104,092,187	\$86,287,732	\$192,451,588	\$162,481,968	\$185,578,345	\$730,891,820
Note: The calculations in this exhibit are based on rounded numbers.						
Source: Created by legislative auditor's staff using data collected from LDR.						