

# ST. TAMMANY PARISH COUNCIL

## ORDINANCE

ORDINANCE CALENDAR NO. 3446      ORDINANCE COUNCIL SERIES NO. \_\_\_\_\_

COUNCIL SPONSOR: STEFANCIK      PROVIDED BY: CAO

INTRODUCED BY MR. BINDER, SECONDED BY MR. BURKHALTER ON THE  
2<sup>ND</sup> DAY OF NOVEMBER, 2006.

ORDINANCE TO PROVIDE FOR A FORMAL INCENTIVE POLICY FOR ST. TAMMANY PARISH FOR THE PURPOSE OF IMPLEMENTING THE FUTURE ECONOMIC GROWTH IN ST. TAMMANY PARISH, LOUISIANA.

WHEREAS, St. Tammany Parish is one of the most rapidly growing areas in the State of Louisiana, and

WHEREAS, economic growth must be closely coordinated in order to synchronize growth with the quality of life issues necessary for such growth, and

WHEREAS, it is necessary to establish and incorporate a formal incentive policy for St. Tammany Parish

THE PARISH OF ST. TAMMANY HEREBY ORDAINS that Chapter \_\_\_\_\_ of the St. Tammany Parish Code of Ordinances is hereby enacted as follows:

### ECONOMIC DEVELOPMENT INCENTIVE POLICY

The purpose of the Economic Development Ordinance is to implement a formal incentive policy for St. Tammany Parish. Incentives have become an important and nearly universal element in community economic development. Tax abatement is an economic development strategy to mitigate the heavy costs usually associated with the construction of a new, or expansion of an existing, facility that enhances the economic base of the community. Because property tax revenue is the means to providing vital community services, it is the philosophy of government that tax abatement be utilized sparingly, and only after careful consideration of the economic impact. Nothing herein shall imply or warrant that St. Tammany Parish is under any obligation to provide tax abatement to any applicant. Community leaders want to have transparent policies that treat all companies equally. This type of transparency is an important community asset.

#### PROJECT SCREENING CRITERIA:

All Advance Notifications requesting state incentives should be approved by the Parish Administration. Incentives should be employed to attract projects that would not otherwise locate in St. Tammany Parish. Incentives shall be available to expanding companies, as well as new companies in St. Tammany Parish. To qualify, an expansion must increase overall plant production capacity by 10 percent (%) or decrease overall plant unit costs by 10 %. Local incentives may be granted to projects that meet the following screening criteria:

- Minimum of ten permanent jobs during the first 12 months of the project.
- At least 65 % of the market for the company must be outside St. Tammany.
- The ten jobs figure represents jobs saved, rather than new jobs created, in the case of retention projects.
- The ten job minimum may be waived in the case of target industries.

### **AD VALOREM TAX EXEMPTION POLICY**

Under \$1 million investment	None
Over \$1 million investment	Sliding scale starting at 100 % exemption in year 1, declining to 90 % in year 2, followed by a 10 % per annum phase out over the next 8 years.

The amount of the incentive would be capped at \$20,000 for every new job created at a wage of \$13.50/hour. The amount of the cap would rise in proportion to the average wage of \$27/hour. The ad valorem exemption shall be vested over a period of 10 years. Companies that fail to expand or maintain operations as set forth in the Incentive Application or that cease operations shall have the amount of repayment pro-rated.

### **SALES TAX REBATE POLICY**

St. Tammany Parish will grant a local rebate of sales tax paid on the purchase of construction materials on projects that meet the screening criteria. The amount of the rebate will be capped at 25 percent of first year payroll.

St. Tammany parish may waive other ancillary fees related to economic development project development.

### **APPLICATION PROCESS**

1. The application will require the company to document the additional information needed to determine eligibility and to compute the amount of the ad valorem, sales tax and development agreement exemptions.
2. Applications will be filed by the company with the Business Development Office of St. Tammany Parish.
3. The application will be reviewed by the Business Development staff and by the Parish Council Member in whose district the project will be developed. In cases where an applicant's undertaking will occupy more than one council district, all impacted Council Members may participate and the Council Chairman shall appoint a representative from the Council to participate in the application review.
4. The application will be screened by the St. Tammany Economic Development District Board of Directors, and will be returned to the Parish President with a recommendation.
5. If recommended for approval the application will be forwarded to affected taxing jurisdictions with recommendation for approval.
6. If the proposal entails sales tax and/or property tax incentives, the Parish Council will vote to approve or deny the application, by Resolution, at its next scheduled meeting, but with a 30 days public notice provision.

The Parish Government shall administer all aspects of this ordinance, through the office of the Parish President.

SEVERABILITY: If any provision of this Ordinance shall be held to be invalid, and invalidity shall not affect other provisions herein which can be given effect without the invalid provision and to this end the provisions of this ordinance are hereby declared to be severable.

EFFECTIVE DATE: This Ordinance shall become effective (15) days after adoption.

MOVED FOR ADOPTION BY: \_\_\_\_\_, SECONDED BY: \_\_\_\_\_

WHEREUPON THIS ORDINANCE WAS SUBMITTED TO A VOTE AND RESULTED IN THE FOLLOWING: \_\_\_\_\_

YEAS:

NAYS:

ABSTAIN:

ABSENT:

THIS ORDINANCE WAS DECLARED DULY ADOPTED AT A REGULAR MEETING OF THE PARISH COUNCIL ON THE \_\_\_\_ DAY OF \_\_\_\_\_, 2006; AND BECOMES ORDINANCE COUNCIL SERIES NO. \_\_\_\_\_.

\_\_\_\_\_  
STEVE STEFANCIK, COUNCIL CHAIRMAN

\_\_\_\_\_  
DIANE HUESCHEN, COUNCIL CLERK

\_\_\_\_\_  
KEVIN DAVIS, PARISH PRESIDENT

Published Introduction: \_\_\_\_\_, 2006

Published Adoption: \_\_\_\_\_, 2006

Delivered to Parish President: \_\_\_\_\_, 2006 at \_\_\_\_\_

Returned to Council Clerk: \_\_\_\_\_, 2006 @ \_\_\_\_\_

**ST. TAMMANY PARISH**

**IMPACT SCORING SYSTEM**

**BORLAND ECONOMETRICS ONE YEAR IMPACT SCORING SYSTEM**

Scoring Item	Score Range	Score	Score Range	Score	Score Range	Score
Total number of new permanent employees	10 to 25	1	26 to 50	2	51 to 100	3
Total new annual payroll (\$)	270,000 to 749,975	1	749,976 to 1,650,000	2	1,650,001 to 3,599,900	3
Average wage (\$) (Parish 2004 average wage: \$28,414) (\$)	28,400 to 31,000	1	31,001 to 34,000	2	34,001 to 37,000	3
Estimated added value of incoming company (\$)	1,000,000 to 5,000,000	1	5,000,001 to 10,000,000	2	10,000,001 to 15,000,000	3
Total annual economic impact generated (\$)	1,612,000 to 8,060,000	1	8,060,001 to 16,120,000	2	16,120,001 to 24,180,000	3
Total number of new jobs created	14 to 70	1	71 to 140	2	141 to 210	3
Total new earnings generated (\$)	378,000 to 2,100,000	1	2,100,001 to 4,620,000	2	4,620,001 to 7,560,000	3
Average wage of new jobs created (\$)	27,000 to 30,000	1	30,001 to 33,000	2	33,001 to 36,000	3
Total local tax revenue generated (\$)	12,331 to 54,140	1	54,141 to 119,130	2	119,131 to 212,040	3

Scoring Item	Score Range	Score	Score Range	Score	Score Range	Score
Total number of new permanent employees	101 to 150	4	151 to 200	5	201 and up	6
Total new annual payroll (\$)	3,599,901 to 5,849,850	4	5,849,851 to 8,399,800	5	8,399,801 and up	6
Average wage (\$) (Parish 2004 average wage: \$28,414) (\$)	37,001 to 40,000	4	40,001 to 43,000	5	43,001 and up	6
Estimated added value of incoming company (\$)	15,000,001 to 20,000,000	4	20,000,001 to 25,000,000	5	25,000,001 and up	6
Total annual economic impact generated (\$)	24,180,001 to 32,240,000	4	32,240,001 to 40,300,000	5	40,300,001 and up	6
Total number of new jobs created	211 to 280	4	281 to 350	5	351 and up	6
Total new earnings generated (\$)	7,560,001 to 10,920,000	4	10,920,001 to 14,700,000	5	14,700,001 and up	6
Average wage of new jobs created (\$)	36,001 to 39,000	4	39,001 to 42,000	5	42,001 and up	6
Total local tax revenue generated (\$)	212,041 to 318,630	4	318,631 to 438,900	5	438,901 and up	6

Scoring Guide: A Score of 9 is the minimum score qualifying for any incentives locally in year one. Any portion of scoring system that does not meet the minimum scoring range will receive a score of zero (0). The amount of incentives given depends on scoring to be determined by local jurisdiction.

**ST. TAMMANY PARISH**

**BLANK TAX IMPACT MODEL**

**INPUT FORM**

**ST. TAMMANY PARISH  
TAX IMPACT MODEL INPUT FORM**

Company Name \_\_\_\_\_  
 Type of Business \_\_\_\_\_  
 Parish \_\_\_\_\_  
 SIC/NAICS Code \_\_\_\_\_

**Increases Due to Expansion/Location**

New Permanent Jobs \_\_\_\_\_ Existing Jobs \_\_\_\_\_  
 New Annual Payroll \_\_\_\_\_ Existing Payroll \_\_\_\_\_  
 Estimated Added value of Shipments \_\_\_\_\_  
 Estimated Cost of Construction  
 (Including Construction Payroll) \_\_\_\_\_  
 Number of Construction Jobs \_\_\_\_\_  
 Construction Payroll \_\_\_\_\_  
 Construction Period (mo/yr) From \_\_\_\_\_ To \_\_\_\_\_  
 Construction Months \_\_\_\_\_

**Please return completed form to St. Tammany Parish  
 via fax (985) 898-5237 or mail to P.O. Box 628, Covington, LA 70434**

**FOR OFFICE USE ONLY**

**Manufacturing Multipliers**

**Construction Multipliers**

Industry Model Number \_\_\_\_\_  
 Output (1) (dollars) \_\_\_\_\_  
 Earnings (2) (dollars) \_\_\_\_\_  
 Employment (3) (# jobs) \_\_\_\_\_

Construction Model No. \_\_\_\_\_  
 Output (1) (dollars) \_\_\_\_\_  
 Earnings (2) (dollars) \_\_\_\_\_  
 Employment (3) (#jobs) \_\_\_\_\_

**ST. TAMMANY PARISH**

**ESTIMATE OF ECONOMIC IMPACT**

**MARINE MANUFACTURER**

**SAMPLE**



**ESTIMATE OF ECONOMIC IMPACT OF**

Industry Name: MARINE MANUFACTURER  
 Government Jurisdiction: ST. TAMMANY PARISH

GIVEN: Run Date: 3/8/2004

Number Construction Months: 7

Total number of new permanent employees	37
Total annual new payroll	\$838,000
Average wage	\$22,649
Estimated added value	\$12,950,000
Estimated cost of construction (construction payroll, supplies & materials)	\$1,500,000
Estimated number of construction jobs	110
Estimated construction payroll	\$450,000

**ESTIMATED IMPACTS:**

	<b>One Year Impact (\$)</b>	<b>Five Year Impact (\$)</b>
Total annual economic impact	\$18,998,945	\$94,994,725
Total new earnings generated (direct & indirect)	\$4,396,525	\$21,982,625
Total new jobs generated (direct & indirect)	148	148
Average wage of new jobs created	\$29,781	

**Total tax revenues generated from all earnings:**

		<b>One Year Impact (\$)</b>	<b>Five Year Impact (\$)</b>
State income taxes % of earnings	1.2%	\$62,814	\$314,072
State excise taxes % of earnings	1.687%	\$88,306	\$441,532
State sales taxes	4.0%	\$83,752	\$418,762
Local sales taxes	4.75%	\$99,456	\$497,280
Disposable income percent	40%		
<b>Total</b>		<b>\$334,329</b>	<b>\$1,671,646</b>

Tax revenues generated per job: \$1,811 \$9,054

**CONSTRUCTION IMPACT (one time, during construction period):**

Total economic impact of construction	\$1,432,550
Total earnings generated (direct & indirect)	\$351,138
Total jobs generated (direct & indirect)	22

**Tax revenues generated from all construction earnings:**

State income taxes % of earnings	1.2%	9,614
State excise taxes % of earnings	1.687%	13,515
State sales taxes	4.0%	12,818
Local sales taxes	4.75%	15,222

Disposable income percent 40%

Total one-time tax revenues from construction earnings: \$51,169

RECAP OF FIVE YEAR ECONOMIC IMPACT:

Total economic impact	\$94,994,725
Total number of new jobs created (direct & indirect)	148
Total new earnings created (direct & indirect)	\$21,982,625
Total new state & local tax revenues generated (recurring)	\$1,671,646
Total one-time earnings from construction	\$351,138
Total one-time tax revenues from construction	\$51,169
Total five year new tax revenues created	\$1,671,646
per new permanent job	\$9,054

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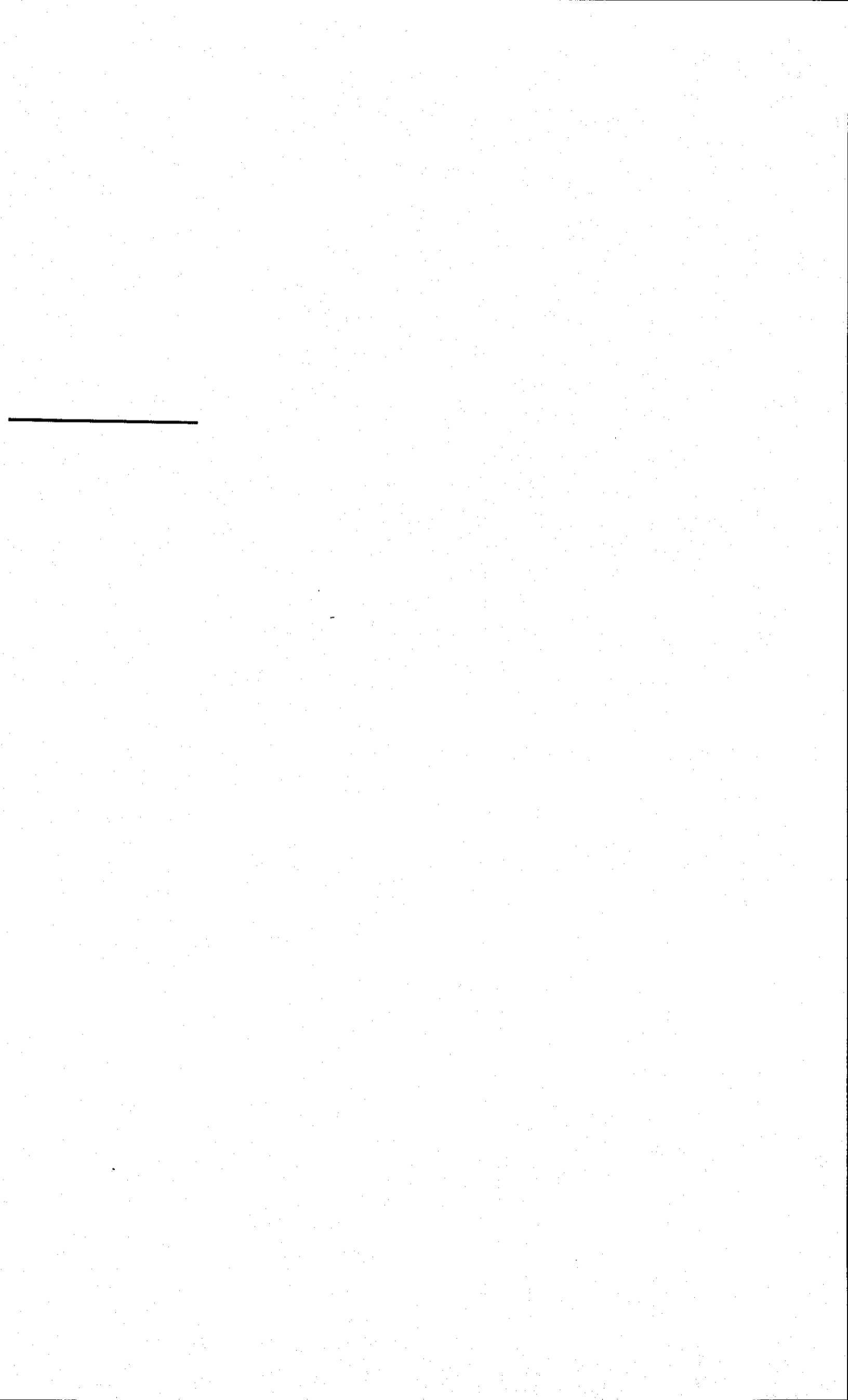
Sources: Borland Econometrics  
U.S. Department of Commerce, Bureau of Economic Analysis,  
"Regional Multipliers".

Final-demand Multipliers (Industry)

Output (dollars) (1)	1.4671
Earnings (dollars) (2)	0.3395
Employment (number of jobs) (3)	11.4

Final-demand Multipliers (Construction)

Output (dollars) (1)	1.6372	
Earnings (dollars) (2)	0.4013	
Employment (number of jobs) (3)	14.4	
Construction Months Factor	7	0.58



Scoring Category	Scoring Data
Total number of new permanent employees	37
Total new payroll	\$838,000
Average wage	\$22,649
Estimated added value of incoming company	\$12,950,000
Total annual economic impact generated	\$18,998,945
Total new jobs created	148
Total new total earnings generated	\$4,396,525
Average wage of new jobs created	\$29,781
Total local tax revenue generated	\$99,456
Total Score	

Score

2

2

0

3

3

3

2

1

2

18