

# QUALITY JOBS

## Louisiana Quality Jobs Rebate

*Not all changes effective April 1, 2016 are reflected below. Please check again, as updates are ongoing.*

The Quality Jobs, or QJ, program provides a cash rebate to companies that create well-paid jobs and promote economic development.

The program provides up to a 6% cash rebate on 80% of gross payroll for new direct jobs for up to 10 years. Effective July 1, 2018, the rebate is available on 100% of gross annual payroll.

Provides a 4% sales/use rebate on capital expenditures or a 1.5% refundable investment tax credit on the total capital investment, excluding tax exempted items.

### ELIGIBILITY

Business must be in one of the following industries:

Bioscience, Manufacturing, Software, Environmental Technology, Food Technology, Advanced Materials or Oil & Gas Field Service

OR

Must have at least 50% of annual sales out-of-state and/or to in-state customers or buyers if the product or service is resold by the purchaser to an out-of-state customer or buyer or to the federal government

OR

Must be located in an area designated by Louisiana Economic Development as a distressed region. A distressed region is either of the following:

A parish that is within the lowest 25% of parishes based on per capita income.

A census tract block group that is below the state median per capita income, based upon the latest federal decennial census.

**The following employers or persons shall not be eligible to participate in the program:**

Retail employers identified by NAICS Code Sections 44 and 45

Business associations and professional organizations identified by NAICS Code 8139  
State and local government enterprises  
Real estate agents, operators and lessors  
Automotive rental and leasing  
Local solid waste disposal, local sewage systems and local water systems businesses  
Nonprofit organizations, unless the department determines that the new direct jobs created by the organization would have a significant impact on Louisiana  
Employers engaged in the gaming industry identified by NAICS Code sections 713210 and 721120  
Attorneys

### **Job Requirements**

Create a minimum of five new direct jobs  
These jobs must be full time, (full-time employees — working 30 hours or greater per week)  
Provide a basic health benefit plan/health insurance coverage  
That which is required to be offered and/or provided shall include coverage for basic hospital care, coverage for physician care and coverage for health care which shall be the same as that provided to executive, administrative or professional employees  
Coverage must become effective no later than the first day of the month 90 days after the date of hire  
The employer's contribution must have a value of at least one dollar and twenty-five cents per hour. If you are other than a self-insured company, the value of the plan is the actual cost for the individual coverage. If you are a self-insured company, LED will determine the value. Basic health care benefits do not include dental, vision or life.

### **Minimum Wage and Health Care Requirements**

The minimum wage requirement for new direct jobs is \$14.50 per hour in wages and healthcare benefits

### **Minimum Annual Gross Payroll Requirements**

If an employer employs:

50 or fewer employees state-wide prior to the start date of the contract, the minimum annual payroll threshold for new direct jobs is \$250,000

More than 50 employees statewide prior to the start date of the contract, the minimum annual payroll threshold for new direct jobs is \$500,000

If the actual verified annual gross payroll for the employer's third fiscal year does not show a minimum of five new direct jobs and does not equal or exceed a total annual payroll for new direct jobs of either \$500,000 or \$250,000, whichever is applicable, the employer will be determined to be ineligible.

## Program Statutes & Rules:

All incentive program rules are in the Louisiana Administrative Code maintained by the Office of the State Register.

[View the Quality Jobs Statutes](#)

[View the Quality Jobs Rules](#)

[Choose Title 13, Economic Development](#)

[Go to Part I, Chapter 11](#)

## GETTING STARTED

Getting started is a click away. Submit your advance notification and pay online before you start construction, hiring and/or make purchases towards the project's capital investment. Once your advance and fee have been filed, LED will acknowledge receipt. Note, to expedite and streamline the communication process all applicable correspondence will be submitted electronically to the designated contact.

You may submit your advance, application and fees online using FastLane.

[View fees associated with this incentive.](#)

## NEXT STEPS

After the department receives your advance notification and fee, you are ready to start your project, including the following:

1. Begin your project. This includes construction, hiring, purchasing equipment, building and materials and other capital investments.
2. File for an Unemployment Insurance Identification Number (UI#). Contact the Louisiana Workforce Commission (LWC) to apply for an unemployment identification number.
3. Submit your program application within 24 months after the department has received the advance notification and fee.
4. LED review of application and Board approval. Once LED receives your application and fee, the office staff will review your application for compliance with the program rules and provide a copy of the application to the Louisiana Workforce Commission (LWC) and Louisiana Department of Revenue (LDR) for review. An application will not be presented to the board until a letter of no objection is

received. Completed applications are due for review no later than the 15<sup>th</sup> of the month prior to the Board meeting date. Applicants are notified within 10 days of the Board date and are provided instructions, time and location of the meeting.

5. Board Review. Your application is presented to the Board of Commerce and Industry for approval. The Board convenes every other month, meeting six times during a calendar year.

6. Issue contract. After the application is approved by the Board of Commerce and Industry, three original contracts will be sent for signature, unless the Louisiana Department of Revenue (LDR) or the LWC issues an objection against the project and/or owner(s).

7. **Submit Annual Certification Report (ACR) and supporting documentation.** The initial ACR(s) and fee is due within six months after the close of your fiscal filing year or after the Governor's signature, whichever comes later.

Use appropriate form specific to your contract:

Baseline Spreadsheet

Annual Report Spreadsheet (Pre-Act 387)

Annual Report Spreadsheet

Annual Report Spreadsheet (contract with advance notifications after July 1, 2015)

Certification of Primary Qualification (Pre-Act 387)

Certification of Primary Qualification (Act 387)

ACR-Health Care Certification Form

Initial Baseline Calculation Worksheet

Disclosure Authorization

8. Renewal. The company must make a written request (email preferred) to renew the contract to the program administrator within 60 days of the expiration of the initial five year contract term. This requires a \$250 renewal fee.

9. Contract amendment: Once under contract, if any changes are made (such as *Change in Name, Change in Location, Change in Ownership, or Change in Schedule 1*) the appropriate contract amendment and fee must be submitted within 90 days of that change to LED. The contract amendment must be approved by the Board of Commerce and Industry.

If seeking sales and use tax rebates or the investment tax credit, in addition to meeting the requirements of the Quality Jobs Program an employer must meet the hiring requirements as set forth in Section 4 of the Quality Jobs Contract.

If you must meet the hiring requirements of the Enterprise Zone Program please reference the below:

1. After submitting the advance notification and fee, apply for local benefits by contacting the local

governing authority to request an endorsement resolution.

2. File for a Sales/Use Tax Certificate Registration if applicable. Contact the Louisiana Department of Revenue to apply for sales and use tax registration certificate and taxpayer account number.

3. Submit Project Completion Report (PCR) and fee within six months after the project is completed.

4. Submit the Affidavit of Final Cost and fee within six months of the completion of the project.

5. File for sales and use tax rebate or refundable investment tax credit with Louisiana Department of Revenue.

6. File Employee Certification Reports (ECR) and fee. ECRs for project periods of 24 months or less may be filed concurrently. ECRs are due no later than six months after the project has been completed or after the Governor has signed the contract, whichever comes later. For project periods greater than 24 months, an additional ECR for the remaining months must be filed if seeking an additional project period.

Only if seeking an **additional** sales and use tax rebate or investment tax credit period: A project exceeding 30 months must separate the project into phases, maximum of four 30 month project periods, with no phase having a project period greater than 30 months (additional project periods cannot start sooner than 30 months from the prior period start date):

1. Submit the Advance Notification Quality Jobs Additional Period - Sales and Use Tax / ITC and fee before beginning the additional project period.

2. Submit the Application Sales and Use Tax/Investment Tax Credit (Additional Period) and fee within three months after the project is complete.

3. File Employee Certification Reports. These reports are due in conjunction with the Application for this additional project period.

4. Submit the Project Completion Report and fee within three months after the project is completed.

5. Submit the Affidavit of Final Cost (AFC) and fee within six months of the completion of the project.

6. File for sales and use tax rebate or refundable investment tax credit. Submit rebate claim or refundable ITC request to the Louisiana Department of Revenue within six months after the project has been completed. You must complete additional forms issued by the LDR. Contact Office of Audit Division at 225.219.2270 for additional information.



## ELIGIBILITY SCENARIOS

**Q:** If I am an existing business in Louisiana with multiple facilities located throughout the state and I reduce the workforce at one site and increase the workforce at another site with a Quality Jobs (QJ) contract, would those jobs created at the QJ site be eligible as net new jobs?

**A:** Possibly. A business has to create new direct jobs for the state of Louisiana. A new direct job is a position created on or after the contract effective date, which is in addition to the number of jobs in the employment baseline established statewide including affiliates that meet the minimum requirements of the program. For example:

If a business reduces its workforce by 50 employees at one site and adds 50 jobs at another site, then there is no new net gain of jobs to the state.

On the other hand, if a business reduces its workforce by 25 jobs at one site and increases the workforce by 50 jobs at the QJ site, then there is a net increase to the state.

**Q:** If Company ABC purchased Company XYZ and retained XYZ's employees, are the retained jobs considered net new jobs?

**A:** NO. When a business acquires another business the jobs that were at the acquired business are not considered new jobs to the state for the new business owner. There must be a net increase of new jobs to the state. For example:

Company A Manufacturers, Inc. has acquired Company B, Inc., a local company with 15 existing employees. Company A Manufacturers, Inc. plans to make some modifications to the structure of Company B, Inc., and retains their employees. The 15 employees retained by Company A Manufacturers, Inc., are not considered net new jobs to the state.

**Q:** Under a QJ contract, businesses are eligible to receive payroll rebates and either the sales and use tax rebate or the investment tax credit. If I do not meet the minimum requirements in any fiscal filing do I lose all the benefits offered under the QJ program?

**A:** Possibly. It is not required to demonstrate the minimum gross payroll and the minimum number of new direct jobs within the first two fiscal filings. However, if these minimum thresholds are not met in the third fiscal filing the contract is cancelled and all benefits are owed back to the State. Thereafter, if at any other time during the remaining contract period the employer applies for a rebate and the minimum verified gross payroll and new direct jobs are not demonstrated, all rebates shall be suspended. No QJ benefits shall accrue or be paid to the employer during a period of suspension.

## FAQs

**Q:** What is the Quality Jobs Program?

**A:** The Quality Jobs (QJ) Program provides payroll benefits as an inducement for businesses to locate or expand operations in the State of Louisiana.

**Q:** What are the benefits of the program?

**A:** It provides a rebate of up to 6% on annual wages for up to 10 years and the election of either a 4% sales/use tax rebate on capital expenditures or a 1.5% refundable investment tax credit on the total capital investment, excluding tax exempted items. For advance notifications filed on or after July 1, 2015, 80% of the annual gross payroll shall be eligible for the rebate.

**Q:** What is a Quality Jobs contract?

**A:** The Quality Jobs Contract is an agreement between the State of Louisiana and a qualified company that allows the company to receive the benefits of the QJ Program upon meeting all of the program requirements.

**Q:** How do I enter into a Quality Jobs contract?

**A:** Advance Notification — Filing an Advance Notification is the first step in the process. The Advance Notification is filed through FastLane. The Advance Notification must be filed before hiring, purchasing or construction begins.

**Application** — An application and fee for the Quality Jobs Program must be filed on the prescribed forms within 24 months after the department has received the advance notification and fee. Upon receipt of the application, fee, and addendum material, the application is reviewed by LED. Once accepted, the application is processed and presented at the next Board of Commerce and Industry meeting.

**Contract** — After the Board of Commerce and Industry approves the application, a contract is submitted electronically to the applicant for signature. Once returned to LED the contract is then sent to the Board of Commerce and Industry and finally to the Governor for signature.

**Q:** What is an Advance Notification?

**A:** The Advance Notification is the document notifying LED of a project before any action has occurred, such as hiring new employees or spending money.

**Q:** After a contract is executed, what documents are necessary to receive the benefits of the program?

**A:** The company must file the following documents with LED after the close of each fiscal year during the contract period:

The Annual Certification Report (ACR) and fee, and the required addendum material, including a copy of the wage reports filed with the Louisiana Workforce Commission (ES4's) and information about the employee health care plan (coverage summary and cost detail) Certification of Primary Qualification illustrating the company's eligibility for the program

The Rebate Spreadsheet illustrating the new direct jobs created

The Baseline Report illustrating that the company has maintained the baseline jobs that existed prior to the start date of the contract.

\* Additional information may be required. These forms can be found on LED's website.

\* LED will notify the Louisiana Department of Revenue (LDR) of the company's eligibility; the company must then file with LDR to receive the rebate.

**Q:** What is the earliest date I can start my contract?

**A:** The earliest contract start date is the date LED receives the Advance Notification and fee.

**Q:** How long is the contract effective?

**A:** The contract is effective for five years and may be renewed for an additional five years.

**Q:** Can I participate in the Quality Jobs Program and the Enterprise Zone Program at the same time?

**A:** No, you cannot participate in both programs at the same time.

**Q:** What is the difference in benefits between Quality Jobs and Enterprise Zone?

**A:** The Enterprise Zone Program provides a one-time job tax credit on each new direct job, and the Quality Jobs Program provides up to a 6% payroll rebate on annual payroll for new direct jobs for up to 10 years. Both programs offer sales and use tax rebate or the investment tax credit.

**Q:** If I originally applied for Enterprise Zone and later decide to apply for Quality Jobs (or vice versa), can you do so using the same Advance Notification?

**A:** Yes, an email or letter addressed to the program managers reflecting the change would suffice, provided that the election is made before the application due date.

**Q:** What is a new direct job?

**A:** A new direct job is a job or position that did not exist in the State of Louisiana prior to the start date of the contract and meets the requirements of the QJ program. For instance:

If a company is expanding its workforce by creating 10 new jobs at the contract site, as long as those jobs are created after the start date of the contract and meet the minimum requirements (wages, health care, etc), then those jobs are considered new direct jobs.

If Company A has a contract to perform services or supply goods in the State and then loses that contract to Company B to supply similar services or goods in the State, then any job gains at Company B associated with the contract change would not be considered new direct jobs.

If Company A has 20 Louisiana employees and buys Company B, which has an existing QJ contract, then those 20 employees would not be considered new direct jobs. Similarly, if Company A buys Company B, who has 10 Louisiana employees, then those 10 employees would not be considered new direct jobs. If a company or its affiliate within the State of Louisiana has multiple locations in the State, the transferring of employees from one location to another is not considered a new direct job.

**Q:** What are the minimum wage requirements of the program?

**A:** The minimum wage requirement for new direct jobs is \$14.50 per hour in wages and health care benefits. The health care plan must have a minimum value of at least \$1.25 per hour for individual coverage.



**Q:** How do I calculate the value of the health care plan?

**A1:** If the company purchases health care insurance, the value of the plan is the company's actual cost for individual coverage (employee single). (If the applicant feels that the value of their plan is greater than the cost, a valuation may be performed. However, based on historical reviews, it is rare that the value would differ materially from the actual cost.)

**A2:** For a self-insured company, LED will determine the value through comparison with the cost of plans providing similar benefits (consulting with an insurance industry expert as needed).

**Q:** What are the minimum payroll requirements of the program?

For applicants with 50 or less employees state-wide prior to the contract effective date, the minimum annual gross payroll threshold for new direct jobs is \$250,000.

For applicants with 51 or more employees state-wide prior to the contract effective date, the minimum annual gross payroll threshold for new direct jobs is \$500,000.

\*If the actual verified annual gross payroll for the employer's third fiscal year does not show a minimum of five new direct jobs and does not equal or exceed a total annual payroll for new direct jobs of either \$500,000 or \$250,000, whichever is applicable, the employer will be determined to be ineligible.

**Q:** If the employer pays an employee \$13.25/hour in wages and the employee does not elect the eligible health care plan valued at least \$1.25/hour, would this meet the minimum wage requirement?

**A:** Yes, provided that at least fifty percent of the employees holding new direct jobs accept the health care benefits offered: however, only the wage portion is eligible for rebates.

**Q:** What is an in-state contract?

**A:** An in-state contract is a contract to perform services or supply goods that involves Louisiana jobs, including contracts associated with serving or supplying goods to certain offshore or out-of-state locations. For instance:

A contract to deliver services or goods to a Louisiana location is considered an in-state contract. This includes contracts with public or private entities that are located outside of the State (e.g., contracts with global companies for their Louisiana locations, contracts with the Federal Government for a Louisiana location).

A contract to deliver services or goods to an out-of-state location for which services and goods have historically been provided from Louisiana (e.g., provided by Louisiana facilities near state borders) is considered an in-state contract.

A contract to perform services for or supply goods to an offshore Gulf of Mexico facility in an area that has historically been served from Louisiana (e.g., served from Port Fourchon) is considered an in-state contract.

**Q:** What is a baseline employee?

**A:** The median statewide number of employees of an employer, including affiliates working at the average hours per week, during the payroll periods including the twelfth day of the month in the last four months completed prior to the contract effective date. (The median is calculated by discarding the months with the highest and lowest number of employees and averaging the number in the remaining

two months.) Four months of operation to use the median average are needed, otherwise if three or less months of operation with employment prior to the contract effective date, average only the months with employment.

**Q:** Are there any local benefits?

**A:** Rebate of some local sales/use taxes paid is available at the discretion of the local governing authority in the parish in which the project is located. The local governing authority must submit an Endorsement Resolution to the Board of Commerce & Industry prior to Board action on the Company's application. For more information on local rebates, please contact the local governing authority where your business is located.

**Q:** Louisiana Domicile, what is it and how can I prove it?

**A:** Although a person can have multiple residences, they can only have one domicile. The determination of domicile can be quite complex, requiring living in Louisiana for at least six months out of the year, plus evidence of intent to remain here permanently. Domicile can be inferred from a totality of a person's actions and can be supported by documents such as a voter registration card or filing of Resident Tax Return IT 540.

**Q:** What is an Endorsement Resolution?

**A:** An Endorsement Resolution is a written motion issued by the local governing authority supporting a company's participation in the Quality Jobs Program that states the percentage of local sales tax to be rebated to the company.

**Q:** Who is the Board of Commerce & Industry?

**A:** The Board, composed of individuals appointed by the Governor of Louisiana, reviews and approves applications for certain tax incentive programs, including Enterprise Zone, Industrial Tax Exemption, Quality Jobs and Restoration Tax Abatement.

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## THE PROCESS

Submit Advance Notification with fee online then begin the project.

File for an Unemployment Insurance ID number with the Louisiana Workforce Commission.

Complete the application on LED's website and submit any required addendum materials to LED for review.

LED reviews application and submits it to the Board of Commerce and Industry.

If approved, the Board issues contract through LED.

Submit Project Completion Report to LED.

File for annual payroll rebate with LED.

**APPLY NOW »**

**PROGRAM  
ADMINISTRATION:**

**Eric Burton**

*Program Administrator*

Eric.Burton@la.gov

225.342.5340

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