

Louisiana
Brownfields Investor Tax Credit

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volunteer membership-based non-profit

...supporting the redevelopment and utilization of
Brownfields in Louisiana

www.labrownfields.org

What is it?

How does it compare?

How to start your own.



What is it?

State of Louisiana Income Tax Credit

Est. 1995 - Improved for 2008

non-responsible party investment

participate in LDEQ VRP (VCP) program

Investigation (15%) - Cleanup (50%)

Tradable & 10 year shelf life



Example

blighted, abandoned former dry cleaner
if clean, appraised property value of \$250k

non-profit developer

future use as a business incubator

seller agrees to act of donation, contingent on cleanup



	Investment	Income
Phase I & Phase II	\$ (30,000)	
Enter VRP	\$ (500)	
Full Investigation	\$ (69,500)	
Subtotal Investigation	<u>\$ (100,000)</u>	
Earn and Sell 15% Investigation Credit @ 0.8		\$ 12,000
Receive EPA Cleanup Grant		\$ 200,000
Prepare Cleanup Plan	\$ (10,000)	
Source Removal	\$ (150,000)	
Parking and Foundation	\$ (350,000)	
Final Closure Report	\$ (10,000)	
Subtotal Cleanup	<u>\$ (520,000)</u>	
Earn and Sell 50% Cleanup Credit @ 0.8		<u>\$ 208,000</u>
Totals	\$ (620,000)	\$ 420,000

Net cost of cleanup and improvements	\$ (200,000)
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	Expenses	Assets
Net cost of cleanup and infrastructure	\$ (200,000)	
Purchase Price (act of donation)	\$ -	
Clean appraised value		\$ 250,000
Value of Improvements (parking)		\$ 350,000
	<u>\$ (200,000)</u>	<u>\$ 600,000</u>
Net Profit	\$ 400,000	



Brownfields Tax Credits in Other States

12 have some form of credit
(MO, MI, MA, KY, FL, IL, CO, NY, DE, NJ, WI, LA)

8 are tradable
(MO, MI, MA, FL, IL, DE, WI, LA)

1 has no cap & no limits
(LOUISIANA)



Starting your own State Tax Credit

Make new friends, adopt a legislator

Don't reinvent, reference successful credit

Keep it simple & broad

Increase Certainty & Reduce Recapture Fears

Keep it open to non-traditional entities

Consider Responsible Party beneficiaries

Preach State Cost Avoidance & Smart Growth



go redevelop a Brownfield
...you can't afford not to





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