Louisiana Legislative Fiscal Office — Fiscal Notes

LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 1088** HLS 26RS 2678
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:
REVISED

Date: April 6, 2026 5:11 PM
Author: BACALA
Dept./Agy.: Department of Revenue
Subject: Sales Tax Rebate for Aerospace Facilities and Activities
Analyst: Mimi Blanchard

TAX/TAX REBATES OR DECREASE GF RV See Note

Authorizes a state and local sales and use tax rebate on the purchase of certain items used in aerospace facilities and activities

Proposed law authorizes an annual rebate of state and local sales and use taxes for approved aerospace facility owners and contractors on purchases, leases, rentals, or uses of machinery, equipment, materials, supplies, or services used directly in aerospace activities at certified facilities, for qualifying purchases made on or after July 1, 2026. Proposed law requires that qualifying facilities must be certified by Louisiana Economic Development (LED) and meet minimum thresholds of 200 new direct, permanent, full-time jobs and $1 B in capital investment by July 1, 2031, and must enter into a rebate agreement with an initial 20-year term (with optional 10-year renewal) subject to recapture provisions if requirements are not met. The Department of Revenue (LDR) and local taxing authorities are responsible for processing rebate claims, and approved facilities are issued a direct payment number for tax administration purposes.

Effective July 1, 2026.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	
Annual Total						

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	**DECREASE**	**DECREASE**	**DECREASE**	**DECREASE**	**DECREASE**	
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	**DECREASE**	**DECREASE**	**DECREASE**	**DECREASE**	**DECREASE**	
Annual Total						

EXPENDITURE EXPLANATION

LED reports that no additional expenditures are anticipated, as they currently administer a similar sales tax incentive program for data centers and expect to absorb the responsibilities of the aerospace facility certification program within existing resources. LDR reports that no additional expenditures are anticipated as they currently administer multiple sales tax rebates and can absorb with workload associated with this particular rebate within existing resources. LFO believes that local taxing authorities may incur additional expenditures associated with administering the rebate.

REVENUE EXPLANATION

Proposed law will result in an indeterminable decrease in SGF revenues, dependent on the number of aerospace facilities certified by LED and the scale of qualifying purchases made for aerospace activities. The magnitude of the revenue loss will depend on the number of projects meeting the minimum thresholds of 200 new jobs and $1 B in capital investment, the timing of project development, and the volume of eligible machinery, equipment, materials, supplies, and services for which rebates are claimed. Because the number, size, and timing of qualifying aerospace projects cannot be predicted, the fiscal impact cannot be directly quantified; however, to the extent that one or more large-scale aerospace projects are developed in Louisiana, a significant reduction in SGF revenues is anticipated. The initial 20-year rebate term, with a potential 10-year renewal, may extend the duration of the revenue loss.

LED reports that there are currently no certified aerospace facilities under proposed law, as the bill creates a new incentive program. LED also reports that while existing aerospace companies operate in Louisiana, the minimum requirements of 200 new direct jobs and $1 B in capital investment significantly limit eligibility, such that only a small number of large-scale projects, either new developments or major expansions, would be expected to qualify. LFO believes that due to the substantial level of capital investment required to qualify, any eligible project would involve significant taxable expenditures, and associated rebate claims will result in significant reductions in SGF revenues.

For illustrative purposes, data from Louisiana Works indicates approximately 32 establishments under NAICS code 33641 (Aerospace Product and Parts Manufacturing). Additionally, the 2024 Aerospace and Aviation Brochure published by LED reports 45 aerospace facilities within Louisiana, including major companies such as the NASA (Michoud Assembly Facility), Lockheed Martin (Michoud Assembly Facility), and Northrop Grumman Defense Services (ranked 86th in Fortune 500's 2021 list of America's largest companies).

*NOTE: The dual referral of this fiscal note under the provisions of Senate Rule 13.5.2 reflects a likelihood that qualifying aerospace projects will involve substantial capital investment and associated rebate claims, resulting in a potential revenue impact in excess of $500,000 statewide in the aggregate.

Senate — Dual Referral Rules

- [ ] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}
- [x] 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}

House

- [ ] 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
- [ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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