LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB 1179** HLS 26RS 2681
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 14, 2026 10:06 AM | **Author:** BACALA
Dept./Agy.: Louisiana Economic Development and Local Governments
Subject: Ad Valorem Tax Exemption for Aerospace Manufacturing | **Analyst:** Garrett Ordner

TAX/AD VALOREM-MFG/EXEMP RE SEE FISC NOTE LF RV See Note

Extends eligibility for the ad valorem tax exemption for certain manufacturing establishments to certain aerospace manufacturing establishments

Present constitution provides for the Industrial Tax Exemption Program (ITEP), which provides ad valorem tax exemptions to new manufacturing facilities and existing manufacturing facilities which make a qualifying addition to the facility. Proposed law provides that aerospace manufacturing and capital expenditures related to facilities and infrastructure integral to aerospace manufacturing shall be eligible for the ITEP. Proposed law provides definitions for aerospace manufacturing and aerospace manufacturing establishments.

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	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	**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						

EXPENDITURE EXPLANATION

Louisiana Economic Development (LED), which administers the ITEP, reports that it expects the number of companies seeking an exemption pursuant to proposed law to be limited and therefore will not incur additional costs due to proposed law.

REVENUE EXPLANATION

To the extent that proposed law makes an industrial project eligible for the ITEP which is not already eligible under present law, proposed law may result in a potentially significant decrease in ad valorem tax revenues to the parish in which the project is located. The extent of the decrease would depend on the level of capital investment and the millages which apply to the project.

The ITEP provides an exemption from 80% of ad valorem taxes for qualifying manufacturing projects. For "mega-projects" with at least $500 M in capital expenditures, the exemption may be as high as 100%. The exemption lasts for five years and may be renewed for an additional five years.

Proposed law defines aerospace manufacturing as "the fabrication, assembly, integration, testing, preparation, and launch of vehicles and craft as part of aerospace activities." Proposed law further defines an aerospace manufacturing establishment as "any facility used in aerospace activities, including but not limited to pads, structures, propellant systems, testing infrastructure, and related support systems that are functionally integrated with the manufacturing process."

The North American Industry Classification System (NAICS) code for aerospace products and parts manufacturing is 33641, and industries whose NAICS code begins with 33 may be eligible for the ITEP, though this is only a preliminary qualification. It is therefore unclear whether proposed law extends the exemption to an industry which does not already qualify for the ITEP. It is possible that proposed law's inclusion of testing, preparation, and launching in its definition of aerospace manufacturing may qualify additional industries for the ITEP, but this is indeterminable.

Historically, ITEP exemption amounts have varied significantly. According to LED's Fastlane data, first-year tax exemptions pursuant to the ITEP have ranged from hundreds of dollars to over $100 M. Therefore, the extent of revenue losses for future projects affected by proposed law is indeterminable. For informational purposes, the largest aerospace manufacturing project currently included in the dataset is Citadel Completions LLC, with an estimated first-year tax exemption of $324,192. LED's Fastlane data lists 35 ITEP projects across nine companies with NAICS code 33641 since 1999, though not all were completed. LouisianaWorks reports that there are 32 facilities across the state with NAICS code 33641. Again, however, any additions to these facilities may already qualify for ITEP under current law.

Senate	Dual Referral Rules	House
☐	13.5.1 >= $100,000 Annual Fiscal Cost {S & H}	☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
☒	13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}	☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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