

PILOT Program

What is it?

A Payment-in-Lieu-of-Taxes (PILOT) agreement is a contractual incentive payment made between a business and an eligible tax-exempt entity to replace a portion of the local property taxes that would otherwise be paid on new assets. PILOTs are often used as an economic development tool structured to offer favorable tax reductions to companies that create high-impact investments in a community.

As a political subdivision of the State of Louisiana, St. Tammany Corporation (STC) was created to foster business development and advance sustainable commerce in St. Tammany Parish. Because of this status, STC can negotiate and enter into PILOT agreements with companies as an incentive to locate, expand, or remain in St. Tammany. When structuring a PILOT, STC negotiates an annual PILOT-payment for eligible projects that is lower than the property taxes that would otherwise be due. During the term of the PILOT, STC retains symbolic ownership of the incentivized project improvements, leasing said assets back to the company for “rent” equal to the agreed-upon sum or terms. Favorable terms/rates are considered based on the determined positive benefit the project provides to St. Tammany Parish.

Who is Eligible?

Any company looking to locate or expand in St. Tammany Parish may apply, however there is baseline criteria that needs to be present for a PILOT Incentive to be feasible, including:

- Project Capital Expenditures in excess of approximately \$5 Million
- Creation of 10 new full-time jobs*
- At least 50% of the jobs must meet or exceed the local average salary**
- If above criteria are met, project must undergo an economic impact analysis

Micro PILOT Eligibility

St. Tammany Corporation also utilizes a small business version of the PILOT program known as a Micro PILOT. This tool has a scaled down benefit intended to help fill the gaps for smaller projects that may not meet the above criteria. The approval process is the same, but the eligibility is as follows:

- Project Capital Expenditures must be in excess of \$1 Million but less than \$5 Million
- Must create at least 5 new full-time jobs*
- At least 50% of the jobs must meet or exceed the local average salary
- If above criteria are met, project must undergo an economic impact analysis

How it Works?

1. STC analyzes the project to determine necessary criteria has been met. This step requires the company to complete a project intake form and provide any additional required data to STC.
2. STC commissions an economic impact analysis to determine impacts of the project on the local economy. Potential gaps in fire protection services are computed and figured into preliminary benefit framework.
3. Project specs and results of the Impact Study are reviewed and considered by STC's Finance Committee.
4. Project specs and Impact Study are forwarded to STC's Board of Commissioners with STC finance committee recommendations. Request for PILOT is either approved or denied by a vote of the STC Board of Commissioners. Company may be asked to make a presentation to the board.
5. STC takes ownership of project assets from the company and leases it back to the company based on the predetermined terms, including the PILOT payments and annual administrative fees.
6. Company makes annual PILOT payments to the Sheriff who distributes the PILOT payment to the applicable taxing bodies.
7. Company pays administrative fee directly to STC.
8. Under the lease, company is responsible for all liabilities, upkeep, maintenance, insurance, etc. on the project.

For more information

Please contact the Coordinator of Business and Technical Services at: kbuckley@sttammanycorp.org

*STC may consider waiving the new job creation requirement for business retention PILOTS.

** Average annual Wage in St. Tammany is \$55,221 (JobsEQ, 2023)