



TAX FREE SHOPPING FOR INTERNATIONAL VISITORS

A BOON FOR LOUISIANA AND LOUISIANA BUSINESSES

By the Office of the Lieutenant Governor

3/24/17

EXECUTIVE SUMMARY:

Far from being a luxury perk for the international traveler, tax free shopping for international visitors directly returns \$1.35 for every dollar refunded via other sales and taxes, helps locally owned, small and medium-sized businesses compete with national chains, is a major decision maker for international travelers, and sparks increased purchasing among visitors. Therefore, Shop Louisiana is a program that ensures Louisiana will continue to be a vibrant, thriving destination for the international, leisure traveler.

MORE DETAILS:

Shop Louisiana is self-funded through tax refund processing fees. A recent economic impact study conducted by University of New Orleans showed that for every \$1 refunded, \$1.35 was directly returned to the state through other sales and use taxes that residents do not pay. This translates into a \$116 million economic windfall for the state annually through spending attributed to the program. While the direct economic impact cannot be overlooked, the benefits of this program reach far beyond the state's coffers.

Small and medium-sized businesses who voluntarily opt-in to the program are supported through a host of marketing initiatives. Each merchant is listed in the Shop Louisiana directory, which is distributed internationally in eight languages. Additionally, they are highlighted on the program's website and are part of a searchable database. Point of sale signage is also included, providing a powerful marketing toolkit for participants.

“ Louisiana Tax Free Shopping is an incredible asset for The Outlet Collection at Riverwalk. We see quite a lot of international traffic from both cruise ships and conventions, and to be able to offer this incentive within the center really helps propel sales and attract new retailers to our center. ”

-Frank Quinn, General Manager, The Outlet Collection at Riverwalk

A secondary benefit of the program is the “halo” effect among other merchants. Surveys show that refunds are frequently spent on purchases that fall outside the program. This “revenue recycling” ensures that a percentage of all refunds are returned to Louisiana merchants, benefiting even those not directly involved.

INTERNATIONAL VISITORS



spend 20 - 30% more than domestic counterparts on shopping



stay at a destination longer



visit more of the state during their travels

Tax free shopping is a linchpin in the state's tourism and marketing efforts. To eliminate it would be to remove one of our state's key competitive advantages in the international travel market.

“ Shop Louisiana allows our state to continue capturing a substantial share of the more than \$2,000 each of these visitors typically spends directly on shopping while visiting the U.S. ”

- Billy Nungesser, Lieutenant Governor of Louisiana

Shop Louisiana is promoted and endorsed by more than 50 organizations that call Louisiana home.

13 convention and visitors bureaus or tourism promotion boards

9 major chambers of commerce or economic development boards

7 statewide industry associations, including hotel, restaurant, travel and retail

7 city governments or parish councils, including New Orleans, Jefferson Parish, Gretna, Kenner and Natchitoches

Shop Louisiana truly benefits us all. To rescind it would be to the detriment of not just the tourism and hospitality industry, but to our state, our business owners and our taxpayers.

**SHOP
LOUISIANA**



sees a \$1.35 return for every \$1.00 spent



is self-funded by processing fees



is endorsed by more than 50 local government and travel entities

**SUPPLEMENTAL
INFORMATION:**

2016 VISITOR SPEND BY PARISH



2016 VISITOR SPEND BY SHOPPING MALL

