

Selected Economic Highlights for 2010

Jan. 21, 2011

The Economic Year in Review: Since January 2008, Louisiana's job performance has been better than any other Southern state, and Louisiana has added jobs at a faster rate than the South and U.S. since the official end of the national recession in June 2009. Despite facing a growing list of federal policy challenges, as well as the BP Deepwater Horizon oil spill, Louisiana's economy continued to outperform the South and U.S. in 2010. Louisiana's unemployment rate in 2010 remained well below the South and U.S., just as it has every month since early 2008. Louisiana again produced a record year for business development, securing game-changing wins, such as Nucor Corp.'s iron and steel facility and Globalstar Inc.'s corporate headquarters relocation from Silicon Valley, as well as several projects in Louisiana's new target industry sectors, including digital media and green energy. In fact, dozens of companies announced expansions or relocations in 2010, launching projects that will create more than 18,800 new jobs, \$5.5 billion in new capital investment, \$58 million per year in new, state tax revenues and billions of dollars in new sales for small businesses. Finally, a variety of national publications recognized Louisiana's economic development progress in 2010, ranking Louisiana "State of the Year", Louisiana Economic Development as the second best state economic development organization in the U.S., LED FastStart as the best state workforce training program in the U.S., and Louisiana's business climate as the most improved in the U.S.

As the national economy looks to continue its recovery in 2011, Louisiana is well positioned to secure a large share of new business investment projects in the U.S. Moreover, Louisiana's economy will experience significant job growth from projects announced in 2008, 2009 and 2010. In the year ahead, business retention, small business development, cultivation of new growth industries and customized workforce development solutions will remain top priorities for LED.

Outperforming the U.S. and the South

Since January 2008, Louisiana's job performance has exceeded that of any other Southern state, and Louisiana has added jobs at a faster rate than the South and U.S. since the official end of the national recession in June 2009.

- Louisiana's nonfarm employment grew by 23,100 jobs from November 2009 to November 2010, marking the sixth consecutive month of year-over-year employment growth in our state. Over the past 12 months, Louisiana's job growth rate was nearly 90 percent faster than the U.S. and about 40 percent faster than the South.
- Louisiana's unemployment rate has remained well below the South and the U.S. every month since the beginning of the national recession. Louisiana's unemployment rate was 8.2 percent in November 2010, well below the 9.2 percent Southern average and 9.8 percent national average.
- Manpower Inc.'s Employment Outlook Survey determined that Louisiana's statewide employment outlook is the nation's best for the first quarter of 2011.

- The U.S. Census found that Louisiana's population grew by more than 157,000 from July 1, 2007 to April 1, 2010, a growth rate about 50 percent faster than the U.S. over that time period. This ranks Louisiana as the 17th fastest-growing state in the U.S. over the last three years, which can be attributed in large part to Louisiana's economic performance during the same time period.
- Louisiana's growth rate for the goods and services it produced in 2009 was fifth best in the nation, according to a report by the U.S. Bureau of Economic Analysis.
- DailyBeast.com ranked Louisiana third best out of 25 "Boom States" for high projected employment growth (17.1 percent by 2018), real employment growth over the past three years and low unemployment rates.
- Louisiana's real estate markets have remained strong, especially in contrast to real estate markets in other Southern states and the U.S. According to RealtyTrac, Louisiana had the 16th lowest foreclosure rate in the nation for the third quarter of 2010.
- The U.S. Chamber of Commerce named Louisiana the best U.S. export performer for 2009, based on four separate measures of export activity.
- FDIC data reveal Louisiana's 157 banks and thrifts reported a 17.2 percent increase in net loans and leases since the beginning of the national recession (through the third quarter of 2010), compared to the national decline of 8.4 percent. Louisiana's banks also had higher asset growth than the U.S (25.6 percent versus 2.7 percent) during the same time period. From the second quarter of 2010 to the third quarter of 2010, Louisiana's assets grew by 1.9 percent, compared to the nation's growth of 1.2 percent.

Moving up in the national rankings of states

Louisiana traditionally has been listed near the bottom of many significant national economic rankings, but this historical trend has begun to reverse over the last three years. In fact, Louisiana has moved up in almost every major economic and business climate ranking since 2008. In 2010, a growing number of publications indicated Louisiana is the most improved state for business in the U.S.

- *Business Facilities* magazine named Louisiana 2010 "State of the Year" based on its strong business climate, business-friendly tax environment and overall business development success. Business Facilities Editor-in-chief Jack Rogers said, "We were particularly impressed with the diversity of Louisiana's strategy for developing high-growth sectors, including digital media, alternative energy, advanced manufacturing, and modular nuclear power plant components."
- *Site Selection* magazine ranked Louisiana ninth best in its 2010 "Business Climate Ranking," which represented Louisiana's highest placement in the ranking to date. Louisiana's 16-spot improvement from its 2009 ranking of 25th was the best of any state in the U.S.
- Pollina Corporate Real Estate named Louisiana the most improved state for business in the U.S., due to the state's performance in Pollina's "Top 10 Pro-business States" ranking over the past two years. Specifically, Louisiana jumped to 20th in 2010, up from 27th in 2009 and 40th in 2008.

- *Business Facilities* magazine recognized LED FastStart the nation's top state workforce training program. *Business Facilities* Editor-in-chief Jack Rogers said, "Louisiana has established the gold standard for workforce training solutions ... Louisiana is far ahead of the curve with a fully integrated program that works in partnership with higher education."
- *Southern Business & Development* magazine named Louisiana "Co-state of the Year" for the second year in a row, noting that Louisiana attracted more significant business investment and job-creating projects per capita than any other state in the South.
- *Site Selection* magazine named LED the second best performing state economic development agency in the U.S., representing LED's first appearance in the top 10.
- Louisiana experienced significant gains in the Pacific Research Institute's Tort Liability Index for 2010. Specifically, Louisiana jumped from 29th in 2008 to 11th in 2010, based on the outcomes of its state tort system.
- Louisiana jumped from 18th in 2008 to eighth in 2009 (latest available data) on the Kauffman Index of Entrepreneurial Activity, with a rate of 430 entrepreneurs out of every 100,000 state residents.

Moving up in the national rankings of cities and regions

As Louisiana has begun a steady climb up the major national business climate and economic rankings, its cities and regions are also garnering more positive national attention.

- **Northwest Louisiana.** The Milken Institute's Best-Performing Cities Index ranked Shreveport-Bossier, La., 34th out of the 200 largest metros in 2010, due to job growth, income growth and high-tech GDP growth. *Newsweek* listed The Louisiana School for Math, Science & the Arts in Natchitoches, La., among 20 top-performing schools in the United States on its Challenge Index, due to the school's rigorous admission standards and quality of its student body. *Forbes* and *NewGeography.com* named Shreveport the 12th best mid-size city for job growth in the U.S. *MovieMaker* magazine named Shreveport the third best city in the nation for independent filmmaking.
- **Northeast Louisiana.** *Southern Business & Development* magazine named Monroe the Small Market of the Year, and *SB&D* also named Franklin Farm in Holly Ridge, La., one of "10 Sites in the South that will eventually land 'The Big One'." *Trade and Industry Development* magazine placed ConAgra Foods Lamb Weston near Delhi, La., (500 to 600 new, direct jobs) among the top 15 new, corporate investment projects announced in the U.S., and *T&ID* also recognized the Foster Farms project in Farmerville, La., as one of the top 15 in the country for community impact. Monroe, La., tied for 10th place among tier-three metropolitan areas in *Site Selection* magazine's Governor's Cup ranking for its performance.
- **Central Region.** *Expansion Solutions* magazine named the Central Louisiana Economic Development Alliance one of the top five economic development organizations in support of defense industries. The Milken Institute's Best-Performing Cities Index ranked Alexandria, La., 56th out of the 124 smallest metros. Alexandria was recognized by *BusinessInsider.com* as being one of the 20 "Best Cities for Finding a Job" based on its low unemployment rates.

- **Southwest Louisiana.** The Milken Institute's Best-Performing Cities Index ranked Lake Charles, La., 51st out of the 124 smallest metros, up from 52nd in 2009. Lake Charles was recognized by BusinessInsider.com as being one of the 20 "Best Cities for Finding a Job" based on its low unemployment rates. *Southern Business & Development* magazine named Lake Charles one of 10 "Aerospace Cluster Markets in the South You May Not Know About."
- **Acadiana Region.** The Milken Institute's Best-Performing Cities Index ranked Lafayette, La., 11th out of the 200 largest metros in 2010, due to job growth, income growth and high-tech GDP growth. DailyBeast.com ranked Lafayette as one of the 20 most recession-proof cities in the U.S., based on growth in overall employment, per-capita personal income and gross metropolitan product. *Forbes* and NewGeography.com named Lafayette the eighth best mid-size city for job growth.
- **Capital Region.** A survey released by Manpower Inc. in December 2010 found that Baton Rouge, La., is expected to have the nation's strongest job market in the first quarter of 2011. The Milken Institute's Best-Performing Cities Index ranked Baton Rouge 26th out of the 200 largest metros in 2010, due to job and income growth. According to Equifax, Baton Rouge is one of 15 cities with the lowest number of small business bankruptcies. DailyBeast.com ranked Baton Rouge fourth as one of the 20 most recession-proof cities in the U.S. NewGeography.com and *Forbes* named Baton Rouge the second best mid-size city for job growth, up from ninth in 2009. Portfolio.com ranked Baton Rouge the 10th best city in the U.S. for young adults, and second among the nation's 100 largest metros on small business vitality.
- **Bayou Region.** The Milken Institute's Best-Performing Cities Index ranked Houma-Thibodaux, La., 31st out of the 124 smallest metros, due to job growth, income growth and high-tech GDP growth. The Houma-Thibodaux area was recognized by BusinessInsider.com as one of the "20 Best Cities for Finding a Job," based on its low unemployment rates. PMI's Housing Market Risk Index issued during the fourth quarter of 2010 forecast the Houma-Thibodaux MSA to have minimal risk of experiencing housing price declines through mid-2012, while 42 percent of the nation's MSAs are in the elevated-to-high-risk category.
- **Southeast Louisiana.** The Nucor Corp. project in St. James Parish earned the Bronze Award in *Business Facilities* magazine's "Economic Development Deal of the Year" awards contest. The Receivables Exchange, a firm based in New Orleans, won the *Wall Street Journal's* 2010 Technology Innovation award for e-commerce. *Newsweek* magazine and Kaplan named Tulane in its list of "The 25 Best Schools for Do-Gooders." New Orleans topped the Thomas B. Fordham Institute's list of best cities for school reform. *Southern Business & Development* magazine awarded New Orleans an honorable mention in the Large Market of the Year. Benjamin Franklin High School in New Orleans made *Newsweek's* list of the best high schools in the country.

Bucking national trends: a strong year for business investment and job creation

While the national economy continued to struggle in 2010, dozens of companies said "yes" to Louisiana, committing thousands of new jobs and billions in new capital investment.

- Working with its local and regional partners, LED secured 53 major project wins in 2010, including 35 expansion or retention projects and 18 new projects. These projects were in Louisiana's traditional industries, such as chemical manufacturing and agribusiness, as well as projects in new growth industries, such as green manufacturing and digital media.

- Altogether these projects will retain more than 9,600 jobs, create more than 5,800 new direct jobs and 13,000 new indirect jobs, for a total of more than 18,800 new jobs, as well as \$5.5 billion in new capital investment.
- Once these projects are fully executed, they will result in billions in new sales for Louisiana small businesses, as well as more than \$58 million per year in new, state tax revenue.
- The totals above exclude the direct support LED provided to thousands of small businesses in 2010, including nearly 1,800 small businesses served by LED's Small and Emerging Business Development Program, nearly 14,000 small businesses and individuals served by the Louisiana Small Business Development Center Network, or LSBDC, with increased funding support from LED. Through October/November 2010, LED and LSBDC efforts alone generated approximately 1,300 new jobs, 230 new businesses and approximately \$43 million in capital investment for small businesses.

Supporting Louisiana's existing businesses

LED's top priority in 2010 continued to be its business retention and expansion efforts. Due to this focus and the work of LED's Business Expansion and Retention Group, a variety of Louisiana companies committed to stay and grow in Louisiana during 2010. Following are a few selected examples.

- Taking advantage of customized workforce training from LED FastStart, Aeroframe Services announced it will dramatically expand its presence at Chennault International Airport, creating at least 300 new, direct jobs and 360 new, indirect jobs.
- TraceSecurity, a Baton Rouge-based high-tech firm, announced it will relocate two of its key operating divisions, software development and national sales, from Dallas and San Diego to Baton Rouge. The relocation will create 45 new, direct jobs and 72 indirect jobs. TraceSecurity's high-tech workforce in Baton Rouge is more than doubling within two years as a result of the relocations and planned expansion.
- Folgers, a subsidiary of The J. M. Smucker Co., a Fortune 500 company, announced it will expand two existing coffee production facilities in Orleans Parish and its distribution center in St. Tammany Parish. This project will create 120 new, direct jobs, 381 new, indirect jobs and retain 450 existing jobs.
- Sasol Ltd. announced it will construct the world's first commercial, ethylene tetramerization unit at its facility in Lake Charles, generating \$175 million in new capital investment, while retaining 350 existing jobs and creating 36 new direct jobs and 240 new indirect jobs.
- Taking advantage of LED's Retention and Modernization Program, Georgia-Pacific announced it will invest more than \$300 million to modernize its Port Hudson, La. mill, helping retain 1,000 existing jobs.
- The Receivables Exchange, based in New Orleans, closed on \$17 million in Series-C funding led by Bain Capital Ventures and other leading venture capital firms. The funding will enable the company to create 60 new, direct jobs and 74 new indirect jobs.

Cultivating new growth opportunities

LED's top priority is retaining and growing Louisiana's existing companies, as well as cultivating new growth opportunities that will diversify the state's economy and accelerate its economic growth. Following are a few selected examples from 2010.

- Blade Dynamics Ltd. announced it will manufacture advanced wind turbine blades and wind turbine components at the Michoud Assembly Facility in New Orleans. With investment funding from Dow Venture Capital and American Superconductor Corp., Blade Dynamics's green manufacturing project will create 600 new direct jobs and 970 new indirect jobs.
- Nucor Corp. announced one of the largest industrial projects in Louisiana's history. The multi-phase iron and steel project in St. James Parish could generate \$3.4 billion capital investment, as well as 1,250 new, direct jobs and 4,800 new, indirect jobs.
- NEW Customer Service Companies Inc. announced it will create 200 new, home-based customer care representative positions in Central Louisiana.
- Leading high-tech satellite telecommunications company, Globalstar Inc., announced the relocation of its corporate headquarters to Covington, from Milpitas, Calif. The company will create more than 500 new, direct jobs, which will result in the creation of approximately 800 new indirect jobs, for approximately 1,300 new, direct and indirect jobs in Louisiana.

The year ahead: maintaining Louisiana's economic outperformance

While the slow national economic recovery and a growing list of federal policy obstacles continue to impede Louisiana's economic growth, our state is well-positioned to secure significant new business investment in 2011. Additionally, LED is pursuing targeted initiatives to increase Louisiana's economic competitiveness, retain existing economic-driver firms, support small business development and cultivate new growth industries.

While economic indicators in the U.S. improved in 2010, a robust national jobs recovery is still in development. Gov. Bobby Jindal, the Louisiana Legislature and LED will continue working with the state's business community to ensure Louisiana again outperforms the South and the U.S. in 2011.

Appendix

Introduction

Included below is an annual overview of each business incentive and assistance program administered by LED. The programs cover a wide range of important economic development objectives, for example:

- fostering job growth and private-sector investment
- assisting in entrepreneurship and small business growth
- delivering a trained workforce for new or expanding companies
- catalyzing research & development investment
- increasing Louisiana’s presence in entertainment-related industry sectors
- encouraging redevelopment of existing buildings
- encouraging development and job opportunities within economically depressed areas

For each business incentive and assistance program, a brief description of the program’s objective and calendar year 2010 performance information are included. The performance information highlights 2010 activity levels and illustrates the impact being delivered through the various programs.

The total number of jobs included in this annual overview is higher than the number of jobs included in the upfront summary due primarily to:

- (a) the upfront summary only includes selected major economic development projects,
- (b) projects with substitution effects are excluded from the upfront summary, but included in the annual overview,
- (c) some announced projects haven’t yet completed the incentive application process,
- (d) job totals for a single company may be counted twice (or more) if multiple incentive programs are utilized for the same project.

Small Business Development Centers

The Louisiana Small Business Development Center (LSBDC Network) provides low- or no-cost guidance and training for small business owners and potential owners. Part of a statewide network supported by the U.S. Small Business Administration (SBA), Louisiana Economic Development and the host universities; the LSBDC serves Louisiana businesses through free confidential counseling, nominally priced group training, and business information resources. The program serves traditionally underserved populations such as minorities, women and veterans.

Businesses Receiving Counseling by SBDCs:	3353
Individuals Trained by SBDCs	7500

Business Starts by SBDC Clients	255
Anticipated Jobs Created by SBDC Clients	1050
Loans Received by Small Businesses Assisted at SBDCs (\$million):	26.4

Small and Emerging Business Development Program

Forward progress is the purpose of LED's Small and Emerging Business Development, or SEBD, program. With a commitment to ongoing sustainable economic and human development, the program helps Louisiana's small businesses help themselves by assisting with entrepreneurial training, legal needs, marketing, computer skills and accounting. A business must be certified through the SEBD program to obtain these services, offered by small business development centers, universities and consultants in Louisiana's rural and urban areas. Technical Assistance (TA) is provided as developmental assistance including entrepreneurial training, marketing, computer skills, accounting, business planning, legal and industry-specific assistance. Additionally, certification determines eligibility for the Bonding Assistance Program, additional guaranty support under the Louisiana Economic Development Corporation Loan Guaranty Program, and consideration for bidding on selective service or product purchases by state agencies.

Small Businesses Certified:	908
TAs Provided to Certified Businesses:	297
Percentage by which Assisted Certified Businesses 2-Year Survival Rate Exceeds Similar Businesses*	9

*This figure represents FY 09-10 because it is a labor-intensive effort to monitor all businesses assisted two years ago and determine if they are still in business. This is done once per year at the end of the fiscal year.

Hudson Initiative and Veteran's Initiative

The Hudson Initiative provides Louisiana small businesses meeting the criteria of small entrepreneurship with greater potential for access to state procurement and public contract opportunities. The Veteran's Initiative does the same thing for businesses that are at least 51% owned by Veterans and/or Service-Connected Disabled Veterans. The Hudson Initiative began in 2006, and the Veteran's Initiative began taking applications for the program on Veteran's Day (November, 2009).

Small Entrepreneurships Certified:	597
Veteran Owned Businesses Certified:	115
Service-Connected Disabled Veteran Owned Businesses Certified:	54

Small Business Bonding Assistance Program

The Small Business Bonding Assistance Program aids certified small and emerging businesses in reaching the bonding capacity required for specific projects. When a qualified Small and Emerging Business requires quality bid, performance and payment bonds from surety companies at reasonable rates, the Bonding Assistance Program can help reach the bonding capacity required for specific projects. The Bonding Assistance Program is available for qualified companies who have never been bonded, and for companies that have been bonded but are increasing bonding capacity.

New Projects:	8
Total Bond Guarantees Provided (\$million):	0.9
Value of Projects Guaranteed (\$million):	4.5

Microenterprise Development Program

Louisiana Economic Development, in conjunction with the Louisiana Department of Social Services, created the Microenterprise Development program to provide self-employment training that gives entrepreneurs the competitive advantage they need to succeed. The program helps to:

- Provide an innovative path out of poverty
- Create self-sufficiency
- Improve the survival rate of microenterprise businesses
- Improve employment skills
- Promote economic development

Working with partners across the state, the program begins with a comprehensive assessment. Once complete, participants begin a two-to-three month business development course that includes entrepreneurship training, personal effectiveness, financial literacy and technical assistance. Part of the course also includes writing a business plan. Upon successful completion of the program and application process, participants become eligible to apply for seed funding to assist in supplementing business startup costs.

Entrepreneurs Trained:	268
Funding Provided to Trained Entrepreneurs (\$million):	0.22

Small Business Loan Program

The Small Business Loan program provides loan guarantees and participations to banks in order to facilitate capital accessibility for Louisiana small businesses. The program's purpose is to provide financial assistance, which will help with the development, expansion and retention of Louisiana's small businesses. Guarantees may range up to 75% of the loan amount, not to exceed a maximum of \$1.5 million. Loan participations of up to 40% are also available.

New Projects:	8
Total Bank Loans to Businesses (\$million):	4.6
Anticipated New Permanent Jobs:	72
Anticipated Retained Jobs:	22

Quality Jobs

The Quality Jobs (QJ) program is designed to encourage businesses in certain targeted industry sectors to locate and/or expand existing operations in Louisiana, and to create a minimum of 5 full-time jobs with salaries and medical benefits that meet established levels. The program provides a cash rebate to companies that create well-paid jobs and promote economic development. Provides up to 6% rebate on annual payroll expenses for up to 10 years; and either a 4% sales/use tax rebate on capital expenditures or an investment tax credit equal to 1.5% of qualifying expenses.

New Projects:	29
Anticipated New Permanent Jobs:	2414
Anticipated Construction Jobs:	2779
Anticipated Associated Capital Investment (\$million):	1039.3

Enterprise Zone

The Enterprise Zone (EZ) program is designed to encourage businesses in certain targeted industry sectors to locate and/or expand existing operations in or near economically distressed areas, and to create a minimum of 5 full-time jobs filled by residents in or near the economically distressed areas. The program provides Louisiana income and franchise tax credits to a business hiring at least 35% of net new jobs from one of four targeted groups. EZs are areas with high unemployment, low income or a high percentage of residents receiving some form of public assistance. A business must create permanent net new jobs at the EZ site. The program provides a \$2,500 tax credit for each certified net new job created; and either a

4% sales/use tax rebate on capital expenditures or income and franchise tax credits up to 1.5% of investment.

New Projects:	227
Anticipated New Permanent Jobs:	7971
Anticipated Construction Jobs:	13195
Anticipated Associated Capital Investment (\$million):	4494.7

Restoration Tax Abatement

The Restoration Tax Abatement (RTA) program is designed for municipalities and local governments to encourage business and homeowners to make improvements on their properties located in specified areas. The program provides five-year 100% local property tax abatement for the expansion, restoration, improvement and development of existing commercial structures and owner-occupied residences in Downtown Development Districts, Economic Development Districts, Historic Districts or properties listed on the National Register of Historic Places.

New Projects:	24
Anticipated New Permanent Jobs:	271
Anticipated Construction Jobs:	1323
Anticipated Associated Capital Investment (\$million):	142.3

Industrial Tax Exemption

The Industrial Tax Exemption (ITE) program is designed to encourage capital investment at new or existing manufacturing facilities. The program provides local property tax abatement for up to 10 years on a manufacturer's new investment and annual capitalized additions. This exemption applies to all improvements to the land, buildings, machinery, equipment and any other property that is part of the manufacturing process.

New Projects:	782
Anticipated New Permanent Jobs:	4206
Anticipated Construction Jobs:	37459
Anticipated Associated Capital Investment (\$million):	7104.4

Technology Modernization Tax Credit Program

The Modernization Tax Credit program provides a 5% refundable state tax credit for manufacturers making capital investments to modernize or upgrade existing facilities in Louisiana. The program provides a one-time 5% refundable state tax credit on capital expenditures taken over a five-year period (1% per year for five years) for manufacturers making qualified capital investments of at least \$5 million. To qualify for the program, a company must meet one of the following criteria: (1) Modernization helps improve entire efficiency of the entire facility or specific unit by greater than 10%, or (2) The facility is in competition for capital expenditures within a company's established, competitive capital expenditure budget plan. There is a \$10 million annual statewide cap on the program in credits awarded to projects. Any unused credits can be rolled into the next calendar year. Projects determined to have the highest economic impact by Louisiana Economic Development are awarded pre-certification credits on a rolling basis. Pre-certification is required prior to final award of credits, which are awarded only when the project has been placed in service. Only projects placed in operation on or after July 1, 2011 can qualify for the program.

New Projects:	9
Amount of Tax Incentives Pre-Certified:	14.6
Anticipated New Permanent Jobs:	192
Anticipated Retained Jobs:	3768
Anticipated Associated Capital Investment (\$million):	702.9
Anticipated New Payroll:	9.5
Anticipated Retained Payroll:	221.5

Motion Picture Investor Tax Credit

The Motion Picture Investor Tax Credit is designed to encourage feature film and television production in the state. The program provides a transferrable 30% tax credit on qualified motion picture expenditures made within the state. Payroll expenditures for Louisiana residents qualify for an additional 5% tax credit (35% effective total credit rate).

Number of applications received:	143
Number of full-length productions shot in the state:	116
Certified spending in the state (\$million):	401.0
Certified amount of tax credits (\$million):	102.3

Digital Interactive Media Production Tax Credit

The Digital Interactive Media Production Tax Credit program is designed to encourage entertainment technology development in the state and to develop and support a highly skilled, creative, technology-driven workforce. It targets gaming, simulation training, web applications and the next generation of distributed entertainment. The program provides a tax credit of 25% of qualified production expenditures for state-certified digital interactive productions in Louisiana and 35% tax credit for payroll expenditures for Louisiana residents.

Number of applications received:	64
Certified spending in the state (\$million):	12.0
Certified amount of tax credits (\$million):	2.3

Sound Recording Investor Tax Credit

The Sound Recording Investor Tax Credit program encourages investment in musical recording production in the state. The program provides a 25% refundable tax credit for qualified Louisiana production expenditures. The program is subject to a cap of \$3 million in tax credits each calendar year. Projects qualifying for the tax credits after the annual cap has been reached are automatically be placed in the queue to receive tax credits in the next calendar year.

Number of applications receiving initial certification:	46
Estimated certified spending in the state (\$million):	1.26
Estimated amount of tax credits (\$million):	0.32

Musical and Theatrical Production Tax Credit

The Musical and Theatrical Production Tax Credit program encourages the growth and expansion of the infrastructure and production in the concert and theatrical industries. The program offers a fully transferable tax credit that can be sold or applied against Louisiana tax liability. Tax credits received for infrastructure cannot exceed \$10 million per project and are also subject to a \$60 million annual cap. There is no annual cap on the production credits. The tax credit value increases with higher levels of Louisiana expenditures and jobs. The program also incentivizes and provides support for collaboration with Louisiana's top educational institutions.

Number of applications receiving initial certification:	12
Estimated certified spending in the state (\$million):	2.06
Estimated amount of tax credits (\$million):	0.52

Research & Development Tax Credit

The Research and Development Tax Credit program encourages existing businesses with operating facilities in Louisiana to establish or continue research and development activities within the state. Companies claiming federal income tax credit for research activities can claim against state income and corporation franchise taxes. The program provides a tax credit for up to 8% of the state's apportioned share of increased research and development expenses or 25% of its apportioned share of federal research.

Number of applications approved:	209
Estimated certified R&D spending in the state (\$million):	123.8
Estimated amount of tax credits (\$million):	14.9

Technology Commercialization Tax Credit & Jobs Program

The Technology Commercialization Credit and Jobs program provides tax credits for companies that invest in the commercialization of Louisiana technology. Qualifying research centers that develop Louisiana technology to be commercialized may be granted a refundable tax credit based on new jobs created. The technology must be created by a Louisiana business and researched by a Louisiana university or college. Eligible entities can also receive jobs tax credits of up to 6% of gross payroll for all new jobs created.

New Projects:	1
Total Credits Certified (\$million):	0.04
Approved Commercial Costs (\$million):	0.1

Atchafalaya Natural Heritage Area Development Zone Tax Credit Program

The Atchafalaya Development Zone Tax Credit Program was created to boost economic development within the Atchafalaya National Heritage Area and is administered by the Department of Culture, Recreation, and Tourism. The program is available to businesses that meet the criteria in the following 14 parishes: Concordia, Avoyelles, St. Landry, Pointe Coupee, East Baton Rouge, West Baton Rouge, Iberville, St. Martin, Lafayette, Iberia, St. Mary, Assumption, Terrebonne and Ascension. The program is directed at small businesses (fewer than 20 employees) that make use of the natural, cultural and historic assets of the Heritage Area. The program offers a one-time state income tax credit of \$1,500 to qualifying businesses. The New Employee tax credit offers an additional state income tax credit of \$1,500 per new full-time employee per year for a period of five years. Unused credits may be carried forward up to 10 years.

New Projects:	1
Total Credits Claimed (\$):	6000

Sources: ¹Louisiana Department of Culture, Recreation and Tourism; ²Louisiana Department of Revenue

LED FastStart™ Program

LED FastStart provides customized recruitment, screening and training to new and expanding, eligible companies. Recognized for its innovation, effectiveness and efficiency, LED FastStart has quickly established a presence among workforce solutions programs nationwide. Based on a company's immediate and long-term workforce needs, the LED FastStart team crafts unique programs that ensure workers are prepared on day one and beyond. LED FastStart's innovative, customized programs are available to companies that meet eligibility requirements and are aligned with Louisiana's economic development targets, including digital media, headquarters and business operations, service industries, advanced and traditional manufacturing, warehouse and distribution, and research and development. Service industries, headquarters and business operations, and warehouse and distribution companies must also have a majority of sales out of state. To qualify, a company must first commit to creating a net of at least 15 new, permanent manufacturing jobs, or a net of at least 50 new, permanent service-related jobs. Each request is evaluated prior to project commencement to ensure all eligibility requirements are met.

New Projects:	16
Employees Trained:	4880
Anticipated New Permanent Jobs:	2978
Anticipated Retained Jobs:	2840
Anticipated Associated Capital Investment (\$million):	498

Rapid Response Fund

The Rapid Response Fund is used for immediate funding of all or a portion of economic development projects to secure the creation or retention of jobs. The Fund can be utilized for both small and large projects; whereas, the Mega-Project Development Fund is focused on large projects. The Rapid Response Fund helps position Louisiana to win business development where multiple states are competing. LED manages its use of the Rapid Response Fund such that projects utilizing the Fund generate a positive return on investment (ROI) as measured by projected tax revenues. Prior to utilizing the Fund, LED performs an ROI assessment based on industry-standard Bureau of Economic Analysis input-output multipliers and historical rates of state tax revenue collections.

New Projects:	7
Award Amount (\$million):	15.3
Anticipated Retained Jobs:	1210
Anticipated New Permanent Jobs:	1719
Anticipated New Indirect Jobs:	3347
Anticipated New Total Jobs (Direct and Indirect):	5066
Anticipated Associated Capital Investment (\$million):	134.9
Anticipated New Annual State Tax Revenues Generated (\$million/yr)	11.4

Economic Development Award Program (EDAP) / Economic Development Loan Program (EDLoP)

The Economic Development Award Program is designed to assist in the development of publicly owned infrastructure for industrial or business development projects that promote targeted industry economic development and that require state assistance for basic infrastructure development. The program provides a minimum of \$50,000 to public or quasi-public state entities or political subdivisions for developing publicly owned infrastructure to advance industrial or business development projects that create or maintain at least 10 jobs. The related Economic Development Loan program assists in the financing or loan funding of privately-owned property and improvements, including the purchase or leasing of a building site, the purchase or construction, renovation, rebuilding and improvement of buildings, their surrounding property, for machinery and equipment purchases and rebuilding, and for additional costs related to and incurred in connection with the location or relocation of the business enterprise. The programs are managed such that projects utilizing the programs generate a positive return on investment (ROI) as measured by projected tax revenues. Prior to utilizing the programs, LED performs an ROI assessment based on industry-standard Bureau of Economic Analysis input-output multipliers and historical rates of state tax revenue collections.

New Projects:	5
Award Amount (\$million)	5.9
Anticipated Retained Jobs:	766
Anticipated New Permanent Jobs:	737
Anticipated New Indirect Jobs:	1293
Anticipated new Total Jobs (Direct and Indirect):	2030
Anticipated Total Capital Investment (\$million):	85.3
Anticipated New Annual State Tax Revenues Generated (\$million/yr):	3.8

EXISTING PROGRAMS WITH NO NEW ACTIVITY IN 2010

The following existing programs had no new activity in 2010, only renewals or continuations of commitments from prior years.

Industry Assistance Program

The Industry Assistance Program provides a tax exemption when manufacturers and their contractors give preference and priority to Louisiana manufacturers or Louisiana suppliers, engineers, contractors and labor, except where not reasonably possible to do so without added expense or substantial inconvenience. The manufactures must commit maintain current employment and to significant investment to continue doing business in Louisiana. Taxes or portions of taxes to be exempt can include the following: the corporation franchise tax, state sales and use taxes on goods necessary for production, state sales and use taxes on machinery and equipment, the corporation income tax, and any other taxes imposed directly by the state on the applicant.

Venture Capital Match & Co-Investment Program

The Venture Capital Match Program provides for a match investment for qualified Louisiana venture capital funds. The fund must have at least \$5 million of private investment. The funds are matched on one state dollar for each two private capital up to a maximum of \$5 million. The Co-Investment Program provides for a co-investment in a Louisiana business of up to ¼ of the round of investment, but not more than \$500,000, with any qualified venture capital fund with at least \$7.5 million in private capital. The venture capital fund may be from outside Louisiana.

Tax Equalization Program

The Tax Equalization Program equalizes the overall taxes between a Louisiana site and a competing site in another state to encourage businesses to locate or expand in Louisiana. Eligibility includes new and expanding manufacturing establishments, headquarters, warehousing, and distribution facilities.

Micro Loan Program

The Micro Loan Program provides loan guarantees and participations to banks that fund loans ranging from \$5,000 to \$50,000 to Louisiana small businesses.

Mega-Project Development Fund

The Mega-Project Development Fund is used for immediate funding of all or a portion of economic development mega-projects to secure the creation or retention of jobs. The Fund can be used for projects that provide either five hundred new direct jobs to the state or a minimum initial investment of \$500 million and that generate a substantial return on the investment (ROI) by the state as measured by projected tax revenues. The ROI assessment is performed based on industry-standard Bureau of Economic Analysis input-output multipliers and historical rates of state tax revenue collections. The Fund can also be used for projects for a military or federal installation which is important to the Louisiana economy and that may be subject to base realignment and closure.

Community Economic Development Tax Credits Program

The Community Economic Development Tax Credit Program provides a 25% tax credit (5% per year for five years) for the amount of money donated, contributed, or represented by a sale below cost by the taxpayer to a certified community development corporation or a certified community development financial institution. The value of such tax credit shall not exceed five hundred thousand dollars per year per individual or one million dollars per year per business, or a total of one million per individual and two million per business. This program sunset on August 15, 2010.

Urban Revitalization Tax Credit Program

The Urban Revitalization Tax Incentive Program was established to stimulate economic development and create new jobs in urban and rural communities by providing tax incentives to small businesses that locate their principal office and work sites in a Historically Underutilized Business (HUB) Zone. Additionally, the small business must obtain HUB Zone approval from the local governing authority and must employ staff that reside in or adjacent to the HUB Zone, receive some form of public assistance prior to employment, or are unemployable by lacking in basic skills. The program provides a \$5,000 credit per net new job and will qualify the business to participate in the federal Workforce Investment Act Program through the Louisiana Workforce Commission. A business participating in this program cannot also participate in the Enterprise Zone Program.

NEW PROGRAMS

The following program is in the rule development stage and was, therefore, not active in 2010.

Ports Tax Credit Program

The Ports Tax Credit program includes an investor infrastructure credit for 100% of capital costs incurred by private investment of \$5 MM or more at a Louisiana public port. The credit is taken at 5% a year over 20 years. It also includes an export-import cargo credit of \$5 per ton for container and break bulk cargo that emanates from or is destined to a Louisiana manufacturer, warehouse, distributor, or other value added enterprise that is destined to or emanates from an international destination. Cargo must pass through a Louisiana public port to qualify for the credit.