

Selected Economic Highlights for 2012

Dec. 27, 2012

The Economic Year in Review: Since January 2008, Louisiana's employment performance has been significantly better than the South and the nation, with Louisiana adding jobs at a faster rate than both the South and the U.S. since the official end of the national recession in June 2009. Louisiana's unemployment rate in 2012 remained below the South and U.S., just as it has every month since early 2008.

Louisiana registered a banner year for business development wins in 2012, securing game-changing projects such as GE Capital's new 300-job technology center in New Orleans; Ronpak's relocation of its corporate headquarters from New Jersey to Shreveport; the \$2.1 billion CF Industries expansion in Donaldsonville; Benteler Steel/Tube's 675-job seamless steel tube mill and steel mill project at the Port of Caddo-Bossier; and Sasol's integrated gas-to-liquids and ethylene complex, a 1,250-job, \$16-21 billion investment in Westlake that ranks as the largest manufacturing investment in state history. Louisiana announced dozens of company expansions or relocations in 2012, launching projects that will create more than 24,000 new jobs and \$22.3 billion in new capital investment, along with hundreds of millions in new sales for small businesses across Louisiana.

Additionally, a variety of national publications recognized Louisiana's continued economic development progress in 2012. Chief Executive magazine reported that CEOs nationwide ranked Louisiana as the most improved state for business over the last four years. Site Selection magazine ranked Louisiana No. 7 in its business climate report, while Area Development magazine ranked Louisiana No. 6 among the Top States for Doing Business. Business Facilities ranked Louisiana No. 5 for the Best Business Climate in America, as well as No. 1 in the U.S. for State Workforce Development programs, highlighting LED FastStart™ as the nation's top program for the third consecutive year.

As the national economy seeks sustained growth in 2013, Louisiana will be well-positioned to secure a healthy share of new business investment projects in the U.S. Moreover, Louisiana's economy will experience significant job growth from projects announced in 2008 through 2012. In the year ahead, business retention, small business development, recruitment of new growth industries, customized workforce solutions and cultivation of attractive development sites will remain top priorities for LED.

Louisiana outperforms the U.S. and the South

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

- Louisiana's nonfarm employment grew by 40,100 jobs from November 2011 to November 2012, marking the 24th consecutive month of year-over-year employment growth in our state. Louisiana's growth was about 30 percent faster than the South and 50 percent faster than the U.S. during that 12-month period.

- Since January 2008, the U.S. has shed 3.0 percent of its jobs and the South overall has seen employment decline by 2.2 percent. Louisiana's employment is up 1.6 percent during that same period of time. Louisiana is one of only six states that have seen employment gains since January 2008.
- Louisiana's unemployment rate has remained below that of the South and the U.S. every month since the beginning of the national recession. Louisiana's unemployment rate was 5.8 percent in November 2012, well below the 7.3 percent Southern average and 7.7 percent national average.
- The U.S. Census Bureau recently reported that Louisiana experienced its fifth consecutive year of net population in-migration, with more people moving to the state than leaving Louisiana. The in-migration gains are largely the result of the state's economic performance during that time period. During the last four years, over 20,000 more people moved into Louisiana from other states than moved out of Louisiana to other U.S. states. This is in stark contrast to the 15-year period from 1990 to 2005, when Louisiana experienced net domestic out-migration of more than 7,500 people every single year.
- According to the U.S. Census, Louisiana's population growth rate over the last five years through July 1, 2012, was about 23 percent faster than that of the U.S. overall.
- Louisiana's real estate markets have remained healthy in contrast to real estate markets in other Southern states and the U.S. According to CoreLogic, the percentage of outstanding mortgages that were foreclosed upon in Louisiana stood at 2.4 percent in October 2012, which was below the U.S. rate of 3.2 percent. Moreover, CoreLogic's Home Price Index data through October 2012 shows that the state's 12-month growth in housing prices was the seventh-highest among all states, excluding distressed sales.
- According to the Kauffman Index of Entrepreneurial Activity, Louisiana again ranked among the top 20 states with the highest rate of entrepreneurial activity. The 2012 report showed that 340 out of 100,000 adults each month created a new business in Louisiana during 2011.
- The U.S. Chamber Enterprising States 2012 report ranked Louisiana as the No. 1 exporting state in the U.S., ranking Louisiana in the Top 5 in all four export measures. For the 10-year period ending in 2011, Louisiana's export growth (232 percent) more than doubled the growth of U.S. exports (103 percent).
- In its 2012 economic outlook report, the American Legislative Exchange Council again ranked Louisiana's economic outlook among that of the top 20 states in the U.S.
- Total bank equity capital of Louisiana's 146 FDIC-insured institutions was up 4.6 percent over the year at the end of September 2012, compared to the nation's growth of 3.5 percent.

Louisiana advances in the national rankings

Louisiana traditionally landed near the bottom of many significant national economic rankings, but that historical trend changed in the past five years. Louisiana has moved up substantially in every national business climate ranking since January 2008. By 2012, a growing number of publications indicated Louisiana is the most improved state for business in the U.S.

- Over the past few years, Louisiana has moved up significantly in every national ranking of state business climates, including those published by *Area Development*, Beacon Hill Institute, *Business Facilities*, *Chief Executive*, CNBC, *Forbes*, Pollina Corporate Real Estate and *Site Selection*.
- Three national business climate rankings (*Area Development*, *Business Facilities* and *Site Selection*) now place Louisiana among the Top 10 states in the U.S. for business.

- LED FastStart™ ranked as the nation's No. 1 state workforce training program in the *Business Facilities* 2012 rankings, marking the third straight year Louisiana has led the nation in the workforce category.
- *Area Development* magazine ranked Louisiana No. 6 overall in the U.S. in its 2012 Top States for Doing Business, a survey of leading site-selection consultants. In major evaluation categories, Louisiana ranked No. 2 for Leading in the Economic Recovery, No. 4 for Overall Business Environment and No. 5 for Overall Labor Climate. Additionally, *Area Development* ranked Louisiana No. 1 in the U.S. for Cooperative State Government, No. 2 for Incentive Programs and No. 3 for Speed of Permitting.
- In 2012, *Site Selection* ranked Louisiana's business climate No. 7 in the nation, matching the state's highest ranking ever by the magazine the prior year. Louisiana's overall business climate ranking in *Site Selection* has improved from No. 9 in 2010 and No. 25 in 2009.
- Pollina Corporate Real Estate ranked Louisiana's business climate No. 16 in 2012, up 24 spots since 2008.
- In 2012, the Tax Foundation ranked Louisiana No. 2 in the U.S. (No. 1 in the South) for providing the lowest business tax burden for new firms and No. 10 in the U.S. (No. 3 in the South) for mature firms.
- Louisiana ranked No. 3 on a per capita basis and No. 10 overall in the *Site Selection* 2012 Governor's Cup Awards. Louisiana's per capita ranking remained in the Top 10 for the third consecutive year.
- Louisiana improved 14 spots in *Chief Executive* magazine's ranking of the 2012 Best and Worst States for Business, where hundreds of the nation's business leaders ranked states on business climate factors, such as taxes and workforce quality, and selected the best and worst states for business overall. Louisiana moved up to No. 13 from No. 27 the prior year and from No. 41 in 2010. Louisiana now stands at the state's highest-ever position in the ranking and has improved 32 spots since 2008.

Louisiana cities and regions climb the rankings

As Louisiana steadily climbs the national business climate and economic rankings, its cities and regions also are commanding positive national attention. For example:

- **Acadiana Region.** *Forbes* ranked Lafayette the No. 1 Best Mid-Sized City for Jobs. *The Princeton Review* listed the University of Louisiana at Lafayette as one of the nation's best institutions for undergraduate education in the 2013 edition of *The Best 377 Colleges*. Five Lafayette-based firms made this year's Inc. 5000 list of fastest-growing private companies.
- **Bayou Region.** *Site Selection* magazine released its annual Governor's Cup rankings, with Morgan City tied for No. 8 among micropolitan areas (populations of 10,000 to 50,000) for the most new and expanded corporate facilities in 2011.
- **Capital Region.** Zachary was named one of *Family Circle* magazine's Best Towns for Families. For the second straight year, *Site Selection* ranked the Baton Rouge metro area No. 1 for creation and expansion of corporate facilities in cities of 200,000 to 1 million residents. *Site Selection* also named the Baton Rouge Area Chamber to its list of 10 best economic development organizations for the third year in a row.
- **Central Region.** *Forbes* ranked Alexandria among the Top 25 places to retire in 2012, due to its warm climate, good air quality, solid economy, good tax situation, and average home price of \$148,000. *National Geographic* named Alexandria one of two Louisiana cities in its Top 100 Best Adventure Towns.
- **Northeast Louisiana.** CenturyLink of Monroe – for its second major headquarters expansion in three

years – received one of 15 national Community Impact Awards, part of *Trade & Industry Development's* seventh Annual CiCi Awards in 2012. A study by the *Chronicle of Philanthropy* found that Monroe ranked No. 17 nationally in percentage of discretionary income residents gave to charity – Louisiana's highest-ranking metro – with an average of 7.6 percent of annual income donated to charity.

- **Northwest Louisiana.** Shreveport ranked No. 3 of all U.S. Cities in KPMG's Competitive Alternatives Total Tax Liability Index, which measures affordability based on city tax climates. *Newsweek* and *The Daily Beast* named Louisiana Tech University as one of the 25 most affordable colleges in the nation, ranking No. 13 for in-state students and No. 25 for out-of-state students. In the *Forbes* Best Places for Business and Careers, Shreveport retained its No. 1 spot for Cost of Business.
- **Southeast Louisiana.** *Business Facilities* named Greater New Orleans Inc. one of the three top regional economic development organizations in the U.S. and granted GNO Inc. its new award for Economic Development Excellence. *Site Selection* ranked Entergy Corp. a top utility in economic development. Tulane ranked No. 51 in *U.S. News and World Report's* Best Colleges 2013 list. Two Ochsner Medical Center hospitals were leaders in the annual *U.S. News & World Report* rankings for healthcare facilities, ranking among the country's Top 50 medical centers in 11 of 16 specialties.
- **Southwest Louisiana.** Southwest Louisiana Economic Development Alliance received Honorable Mention in *Site Selection* magazine's list of 10 Best Economic Development Organizations. *Site Selection* released its 2012 Governor's Cup rankings, with Lake Charles tying for No. 4 among metropolitan areas with populations of 50,000 and 200,000 for most new and expanded corporate facilities in 2011.

Louisiana bucks national trends with job, investment growth

As the national economy slowly emerges from recession, dozens of companies contributed to Louisiana's rapidly growing economy in 2012, committing thousands of new jobs and billions in new capital investment.

- Working with its local and regional partners, LED secured 65 major project wins in 2012, including 38 expansion or retention projects and 27 new projects. The wins occurred in Louisiana's traditional industries, such as chemical manufacturing and agribusiness, as well as in new growth industries, such as clean tech, digital media and software development.
- Together, these projects are projected to retain more than 14,600 jobs and create more than 7,200 new direct jobs and 16,800 new indirect jobs, for a total of more than 24,000 new jobs, as well as \$22.3 billion in new capital investment.
- As these projects are executed, they will result in hundreds of millions of dollars in new sales for Louisiana small businesses, as well as more than \$69 million per year in new state tax revenue.
- The totals above exclude the direct support LED provided to thousands of Louisiana small businesses in 2012, including more than 1,300 small businesses served by LED's Small and Emerging Business Development program and nearly 12,000 small businesses and individuals served by the Louisiana Small Business Development Center network, or LSBDC, with sustained funding support from LED.
- From Jan. 1 through Dec. 4, 2012, LED and LSBDC efforts generated approximately 784 new jobs, retained 482 jobs and helped launch 154 new businesses representing \$43.7 million in debt and equity investment for Louisiana small businesses. These activities generated an estimated increase in sales of more than \$15 million.
- During 2012, the SBDC network participated in the LED State Trade and Export Promotion (STEP)

Program working with more than 900 existing businesses to assess their interest in international trade and referring 75 businesses into the program.

Louisiana supports existing businesses

LED's top priority in 2012 continued to be its business retention and expansion efforts. Due to this focus and the performance of LED's Business Expansion and Retention Group, a variety of Louisiana companies committed to stay and grow in Louisiana during 2012. Some selected examples follow:

- Oceaneering International Inc. announced a \$5 million expansion of the company's Morgan City facilities that will support the creation of 200 new direct jobs and the retention of 1,700 existing jobs. The 200 new jobs will result in an estimated 407 indirect jobs. Some 120 of the new employees will be trained for production and performance of the company's core product: remotely operated vehicles, or ROVs, that perform technical tasks and inspections at up to two miles below the surface of the sea.
- Sempra Energy announced the development of a \$6 billion natural gas liquefaction export facility at the site of Sempra's existing Cameron LNG, or liquefied natural gas, receiving terminal in Hackberry. The LNG export facility will add 130 new direct jobs, retain 60 existing jobs and result in an estimated 610 new indirect jobs, along with 3,000 construction jobs at peak activity.
- Forum Energy Technologies Inc. announced plans to build a new 150,000-square-foot facility in St. Martin Parish to produce onshore and offshore drilling equipment for global customers. The expansion will create 125 new direct jobs, retain 203 existing jobs and result in an estimated 300 new indirect jobs. Forum will make a \$19 million capital investment in the plant, which will replace an existing facility.
- K&B Machine Works LLC, a fabrication leader in the oilfield and natural gas manufacturing industries, announced a \$40 million capital investment to create a 200,000-square-foot manufacturing and headquarters facility in Terrebonne Parish. The project will create 50 new jobs and result in another 55 estimated indirect jobs. K&B will also retain 190 current jobs in the state.
- Proctor & Gamble Co. marked the completion of a more than \$100 million expansion at its Pineville facility. The expansion created 105 new direct jobs as well as an estimated 567 new indirect jobs. The total of 672 new jobs in the Central Louisiana region is in addition to nearly 400 existing P&G jobs the company retained. Additionally, P&G announced it will consolidate out-of-state operations to Pineville, adding another 50 new direct jobs to the facility as well as an estimated increase of 270 indirect jobs.
- Graphic Packaging International Inc. completed an \$8.6 million expansion of its consumer carton facility in West Monroe. The project created 47 new direct jobs, retained 456 jobs associated with the company's beverage and consumer carton facilities in West Monroe, and resulted in an estimated 117 indirect jobs.
- San Antonio-based NuStar Energy announced a \$365 million capital investment that will expand the company's St. James Terminal, creating 32 new direct jobs at the facility, retaining 23 existing jobs and creating an estimated 269 new indirect jobs in Southeast Louisiana. The project will increase NuStar's tank storage capacity at the Mississippi River site from 8 million barrels to 11 million barrels.
- Exxon Mobil Corp. announced the expansion of its existing Baton Rouge Chemical Plant and Port Allen Lubricants Plant to increase capacity for synthetic lubricant base stocks manufacturing and lubricants blending, packaging and storage. The expansion will include a \$215 million capital investment and create 45 direct jobs, resulting in an estimated 389 new indirect jobs in the Capital Region while retaining 2,607 existing jobs associated with the ExxonMobil Chemical Plant and Lubricants Plant.

- MECO Inc. will invest \$11 million in a new 80,000-square-foot fabrication and office facility in Mandeville, creating 127 new direct jobs and retaining 81 existing jobs. The water treatment business expansion, which Louisiana won over stiff competition from Texas, will result in an estimated 168 new indirect jobs.
- In Arcadia, Haynes International Inc. will invest \$37 million to expand its titanium hydraulic tubing production for global aircraft manufacturers. The expansion will create 19 new direct jobs, result in 46 new indirect jobs and retain 141 existing Haynes employees.

Louisiana cultivates new growth opportunities

LED complements the retention and growth of Louisiana's existing companies by cultivating new growth opportunities that diversify the state's economy and accelerate its economic growth. Below are examples of how LED captured these new growth opportunities in 2012:

- Sasol Ltd., a global energy and chemicals company, announced the largest manufacturing investment in Louisiana history. The company plans to invest \$16 billion to \$21 billion in an integrated gas-to-liquids and ethane cracker complex in Westlake, with the project creating 1,253 direct jobs and resulting in an additional 5,886 new indirect jobs, for a total of more than 7,000 new direct and indirect jobs. In addition, more than 550 existing jobs at the site – including 435 direct Sasol employees – will be retained.
- After a multistate site selection process, Benteler Steel/Tube announced the construction of a \$900 million, two-phase facility in Shreveport that will include a seamless steel tube mill and a steel mill. Benteler will create 675 new direct jobs. The facility is one of the largest manufacturing projects in Northwest Louisiana's history and will result in an estimated 1,540 new indirect jobs, for a total of more than 2,200 new permanent jobs in the area.
- Drax Biomass International Inc. will invest more than \$120 million in a Bastrop area wood pellet facility that will provide fuel for electricity generation in the United Kingdom. The project, which includes a companion shipping facility at the Port of Greater Baton Rouge, will create 63 new direct jobs – 47 of them in Morehouse Parish – and will result in an additional 143 new indirect jobs.
- Sutherland Global Services, a global Business Process Outsourcing company, announced the opening of a 600-job BPO Operations Center in Alexandria. The center will create 600 new jobs and will create more than 400 additional indirect jobs. Sutherland Global is investing \$2.9 million to remodel an existing facility.
- Pixomondo announced the creation of a new Pixomondo LLC visual effects studio in Baton Rouge that will create 75 new direct jobs in film, TV and commercial production work. Pixomondo occupied more than 6,000 square feet at Celtic Media Centre and made an initial capital investment of \$1.2 million. Pixomondo will hire 50 people in its first year, expanding to 75 by the end of its second year. The project will result in the creation of an estimated 49 indirect jobs for a total of more than 120 jobs.
- Tiburon Associates Inc. will create 350 new direct jobs at Camp Minden with a new Webster Parish operation to recondition U.S. Army wheeled vehicles for the Texas-based Red River Army Depot. The project also will result in an estimated 577 new indirect jobs.

Louisiana attracts corporate office investments

As Louisiana's economic competitiveness continued to improve, more companies made major corporate office investments in the state, including moving headquarters operations to Louisiana. Below are some examples of the companies that announced major corporate office expansions in Louisiana during 2012:

- GE Capital opened a major center of technology excellence – the GE Capital Technology Center – in New Orleans to provide software development and IT support for companywide financial services. The project will create 300 new direct jobs, with salaries ranging from \$60,000 to \$100,000, while resulting in an additional 301 new indirect jobs in the New Orleans area.
- Smoothie King Franchises Inc. announced a commitment by the company to retain its headquarters in the New Orleans area and to expand its corporate headquarters office. Smoothie King will create 60 direct jobs over the next five years in a new headquarters location in Jefferson Parish. The expansion also will result in an estimated 78 new indirect jobs while retaining 45 existing headquarters jobs.
- Emerson Electric Co. will build a \$10 million regional headquarters for the company's Emerson Process Management division and replace several smaller facilities Emerson operates in the region. The project will create 50 new direct jobs, retain 125 existing jobs, and result in an estimated 28 new indirect jobs.
- PreSonus Audio Electronics Inc., a leading manufacturer in the professional audio market, announced the construction of a new headquarters and research facility in Baton Rouge. The expansion will create 65 new direct jobs, retain 80 existing jobs and result in an estimated 79 indirect jobs in the region. The construction of the new headquarters represents a capital investment of \$6.75 million, while total development costs will exceed \$8 million.
- DMC Carter Chambers Inc., a comprehensive supplier of integrated industrial equipment, announced it will invest \$10 million in building a new Highland Road headquarters, creating 80 new direct jobs while retaining 128 existing jobs and resulting in an estimated 115 new indirect jobs in the region. The company will consolidate an existing Highland Road corporate office and its Gonzales and Prairieville operations into a new 90,000-square-foot facility.
- Ronpak Inc. announced it will relocate its corporate headquarters from New Jersey to Louisiana and create 100 additional new jobs, including 20 new headquarters jobs and 80 new manufacturing jobs, beyond the 175 manufacturing positions announced in 2011 for Ronpak's new Shreveport manufacturing center. The combined announcements will result in an estimated 783 new indirect jobs.

The year ahead: enhancing Louisiana's economic edge

Against the backdrop of a relatively stagnant U.S. economy, Louisiana outperformed the nation and the South in the past year. Louisiana reached new heights for economic development performance in 2012, increasing its recruitment of new jobs (up 17 percent, to more than 24,000) and its attraction of new capital investment (up 24 percent, to \$22.3 billion) over the strong performance of 2011.

In the year ahead, LED will pursue targeted initiatives to enhance Louisiana's economic competitiveness; retain Louisiana's existing economic driver firms; support Louisiana's small businesses; cultivate attractive development sites; offer world-class, customized workforce solutions; and recruit new growth industries to Louisiana. LED also will continue its aggressive efforts to position Louisiana to benefit from the advent of low, stable natural gas prices more than any other state in the U.S.

A robust U.S. jobs recovery remains elusive. In 2013, Gov. Bobby Jindal, the Louisiana Legislature and LED will continue working with the state's business community to build on Louisiana's economic advances, ensuring the state once again outperforms the U.S. and the South.

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 2012 performance information are included. The performance information highlights 2012 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:	8471
Individuals Trained by SBDCs:	7236

Business Starts by SBDC Clients:	167
Anticipated Jobs Created by SBDC Clients:	896
Loans Received by Small Businesses Assisted at SBDCs (\$million):	28.0

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:	673
TAs Provided to Certified Businesses:	240
Percentage by which Assisted Certified Businesses 2-Year Survival Rate Exceeds Similar Businesses:*	14.9

*This figure represents FY 11-12 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.

Small Entrepreneurships Certified:	651
Veteran Owned Businesses Certified:	268
Service-Connected Disabled Veteran Owned Businesses Certified:	79

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:	7
Total Bond Guarantees Provided (\$million):	0.3
Value of Projects Guaranteed (\$million):	1.7

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.

New Projects:	13
Total Bank Loans to Businesses (\$million):	6.2
Anticipated New Permanent Jobs:	88
Anticipated Retained Jobs:	81

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
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Anticipated New Permanent Jobs:	2807
Anticipated Construction Jobs:	3567
Anticipated Associated Capital Investment (\$million):	2805.3

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:	177
Anticipated New Permanent Jobs:	4857
Anticipated Construction Jobs:	5720
Anticipated Associated Capital Investment (\$million):	1881.2

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:	29
Anticipated New Permanent Jobs:	491
Anticipated Construction Jobs:	1498
Anticipated Associated Capital Investment (\$million):	122.2

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:	622
Anticipated New Permanent Jobs:	3696
Anticipated Construction Jobs:	36722
Anticipated Associated Capital Investment (\$million):	5012.3

Retention & 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:	4
Amount of Tax Incentives Awarded (\$million):	2.5
Anticipated New Permanent Jobs:	66
Anticipated Retained Jobs:	915
Anticipated Associated Capital Investment (\$million):	85
Anticipated New Payroll (\$million):	3.0
Anticipated Retained Payroll (\$million):	47.4

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:	89
Number of applications receiving final certification:*	115
Certified spending in the state (\$million):	717.2
Amount of tax credits certified (\$million):**	222.8

*May include applications received in other reporting periods and may not include some applications received in 2012.

**This figure is not adjusted for the 85% payback provision which would make the value of the credits \$218.4 million.

Digital Interactive Media and Software Tax Credit

The Digital Interactive Media and Software 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:	102
Number of applications receiving final certification:*	94
Certified spending in the state (\$million):	19.6
Amount of tax credits certified (\$million):	6.3

*May include applications received in other reporting periods and may not include some applications received in 2012.

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 received:	16
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Number of applications receiving final certification:*	17
Certified spending in the state (\$million):	0.4
Amount of tax credits certified (\$million):	0.1

*May include applications received in other reporting periods and may not include some applications received in 2012.

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 received:	9
Number of applications receiving final certification:*	12
Certified spending in the state (\$million):	7.0
Amount of tax credits certified (\$million):	1.7

*May include applications received in other reporting periods and may not include some applications received in 2012.

Research & Development Tax Credit

The Research and Development Tax Credit program encourages businesses with operating facilities in Louisiana to establish or continue research and development activities within the state. Companies claiming the federal income tax credit for research activities can claim against state income and corporation franchise taxes. The purpose of the research and development tax credit is to encourage new and continuing research and development activities within Louisiana. The current R&D credit is structured as a tiered system where companies of any size can receive a refundable tax credit for Louisiana qualified research expenditures.

Credits allowed for expenditures made in 2009 and thereafter:

1. Eight percent of the state’s apportioned share of the taxpayer’s expenditures for increasing research activities, if the taxpayer is an entity that employs 100 or more Louisiana residents.

2. 20 percent of the state’s apportioned share of the taxpayer’s expenditures for increasing research activities, if the taxpayer is an entity that employs 50 to 99 Louisiana residents.
3. 40 percent of the state’s apportioned share of the taxpayer’s expenditures for research activities, if the taxpayer is an entity that employs less than 50 Louisiana residents.
4. 25 percent of the state’s apportioned share of the federal research credit claimed for research expenditures in the state if the taxpayer claims the alternative incremental tax credit under 26 U.S.C. §41.

Number of applications approved:	186
Certified R&D spending in the state (\$million):	387
Total Credits Certified (\$million):	20.7

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):	0.01
Approved Commercial Costs (\$million):	0.03

Angel Investor Program

The Angel Investor Tax Credit (AITC) Program encourages accredited investors to invest in early stage, small wealth-creating Louisiana businesses that seek startup and expansion capital. It provides for a 35% tax credit on investments by accredited investors who invest up to \$1 million per year for up to \$2 million total, in businesses certified by Louisiana Economic Development as Louisiana Entrepreneurial Businesses. The program has an annual cap of \$5 million.

Number of projects:	13
Anticipated Retained Jobs:	58
Anticipated New Jobs:	47
Anticipated Payroll (\$million);	4.2

Anticipated Annual Gross Revenues (\$million):	16.9
AITC's Issued (\$million):	3.0

*This data is for CY 2011 as reported to LED by the program's deadline of June 2012.

Venture Capital Match & Co-Investment Program

The Venture Capital Match Program provides for a match investment for qualified Louisiana venture capital funds. The venture capital fund must have at least \$5 million of private investment. The funds are matched on one state dollar for each two private capital dollars, not to exceed a state investment 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, not to exceed \$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.

Number of projects:	1
State Investment (\$million):	0.3
Funds leveraged (\$million):	2.0

Louisiana Seed Capital Program

The Louisiana Economic Development Corporation (LEDC) Louisiana Seed Capital program was established to promote economic development and encourage the formation of Louisiana-based venture capital funds. The State of Louisiana was allocated \$13.1 million by the U.S. Department of Treasury's State Small Business Credit Initiative (SSBCI) to invest in Louisiana businesses through LEDC's Seed Capital and Small Business Loan and Guaranty Programs. Specifically, the Seed Capital Program received \$5.1 million in funding. Investments made were based on the availability of funds.

LEDC does not make direct investments into any small business. LEDC follows an indirect, fund of funds, investment policy whereby it invests in venture capital firms which subsequently make direct investments into Louisiana-based small businesses. The general partners of the venture capital firms, or fund managers, are private sector investors who pool funds from a number of investors known as limited partners. These firms also identify and invest in promising businesses, managing the investment until an exit from the investment is achieved. In this manner, LEDC is able to leverage public funds with private capital to spur economic growth through the creation and cultivation of Louisiana-based businesses.

Number of projects:	2
State Investment (\$million):	0.8

Projected funds leveraged (\$million):

10.8

LED FastStart™ Program

LED FastStart provides customized recruitment, screening and training to new and expanding, eligible companies. Recognized for its innovation, effectiveness and efficiency since its launch in 2008, LED FastStart quickly established a presence among workforce solutions programs nationwide and has been named the number one workforce solution in the country three years in a row (2010-2012). 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:	23
Employees Trained:	4697
Anticipated New Permanent Jobs:	5232
Anticipated Retained Jobs:	5688
Anticipated Associated Capital Investment (\$million):	2333.1

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:	6
Award Amount (\$million):	29.7
Anticipated Retained Jobs:*	318
Anticipated New Permanent Jobs:	1869
Anticipated New Indirect Jobs:	3491
Anticipated New Total Jobs (Direct and Indirect):	5360
Anticipated Associated Capital Investment (\$million):	1464.3
Anticipated New Annual State Tax Revenues Generated (\$million/yr):	17.8

Economic Development Award Program / Economic Development Loan Program

The Economic Development Award Program (EDAP) 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 (EDLoP) 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:	4
Award Amount (\$million):	1.8
Anticipated Retained Jobs:	203
Anticipated New Permanent Jobs:	603
Anticipated New Indirect Jobs:	1109
Anticipated New Total Jobs (Direct and Indirect):	1712
Anticipated Total Capital Investment (\$million):	23.3
Anticipated New Annual State Tax Revenues Generated (\$million/yr):	4.3

EXISTING PROGRAMS WITH NO NEW ACTIVITY IN 2012

The following existing programs had no new activity in 2012, only renewals or continuations of commitments from prior years.

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.

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.

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.

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.

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.

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.

Microenterprise Development Program (Federal funding to support this program was lost due to federal budget cuts.)

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.

NEW PROGRAMS

The Governor's 2012 legislative package included four bills that will assist LED to expand and grow companies in the state.

Corporate Tax Apportionment Program (Act 415)

Previously, Louisiana only allowed manufacturers and merchandisers to qualify for single-sales factor apportionment, which bases corporate income and franchise taxes solely on the portion of sales that occur within the state. However, states across the country are increasingly offering that opportunity to other companies. This new law will extend the single-sales factor apportionment to highly competitive business development projects in other target sectors including corporate headquarters, logistics/warehousing, data centers, clean technology, destination healthcare, R&D operations, renewable energy, and digital media and software development. This option will only be offered for projects that yield a positive return on investment for the state.

Property Tax Exemption for Non-Manufacturing Firms (Acts 871 and 499)

Previously, Louisiana offered a ten-year property tax exemption exclusively to manufacturers that were expanding or constructing new facilities in the state. This new program will enable Louisiana Economic Development to extend the same benefit to highly competitive projects in other target sectors including corporate headquarters, logistics/warehousing, data centers, R&D operations, and digital media and software development. The new incentive will only be offered in parishes where the parish governing authority, municipalities, school board or boards, parish law enforcement, and assessor opt in to the program. The project's first 10 percent or \$10 million of fair market value, whichever is higher, will still be assessed for ad valorem taxation.

Payroll Incentive for Competitive Projects (Act 507)

Louisiana's current Quality Jobs incentive program provides up to a 6 percent payroll rebate to eligible companies that meet statutory eligibility requirements by creating high-quality jobs in Louisiana. This new law for highly competitive projects only enables Louisiana Economic Development to offer a new incentive up to 15 percent of payroll to secure new jobs in target sectors. This option will only be offered for projects that yield a positive return on investment for the state and the level of the rebate will be determined by this return.

Corporate Headquarters Relocation Program (Act 503)

This new law will enable Louisiana Economic Development to offer a 25 percent rebate, spread over five years, on relocation expenses for headquarters that create at least 25 high-paying jobs. The program will significantly enhance Louisiana's efforts to attract some of the most competitive and most attractive of all projects in the site-selection world: corporate headquarters. This is because the primary location of a company comes with significant economic output, well-compensated professional workforce and prestige. This option will only be offered for projects that yield a positive return on investment for the state.