

STATE OF LOUISIANA
RESILIENT LOUISIANA COMMISSION - ECONOMIC AND COMMUNITY DEVELOPMENT TASK FORCE

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Solutions for Pre-Existing Challenges

Challenge	Solution	Benefit	Potential Legislative Instruments	Notes
<u>Tax Code</u> Complicated tax system looks expensive, but really collects relatively little	Eliminate deductions in exchange for lowering rates (tax neutral)	LA presents as more economically attractive in rankings, with no cost	HB 429 (Magee) – centralized sales tax collection; eliminate federal income tax deductibility (future)	Businesses and individuals choose other states over LA, especially, TX, TN, FL
<u>State Constitution</u> Unwieldy, restrictive document hindering effective operation of govt.	Remove fiscal complexity and focus on operation of government	Improved flexibility to improve state tax and budget rules so La. can better compete		
<u>Economic Development</u> Businesses struggling to survive/recover from impact of coronavirus	Job creation and stimulate investment	Create opportunities for residents; sustain existing businesses; attract outside investment	HB 846 (Wright) expands incentive for hiring/rehiring employees in restaurants, retails, hotels	
<u>Education</u> Insufficient access to quality early ed; limited higher ed resources	Expanded access to quality early ed for Birth-3 years of age	Better outcomes for students; benefit to workforce having access to reliable early ed	Adequate appropriations for early education and higher education	
<u>Workforce Development</u> Remove barriers to workforce; provide more training opportunities	Improve quality and quantity of skilled workforce of the future	More opportunities for residents; higher business attraction	HB 498 & HB 622 (Emerson) – occupational license/exam fee waivers for qualified persons; reciprocity for licensing	Identified by businesses as top challenge

Solutions for Pre-Existing Challenges

Challenge	Solution	Benefit	Potential Legislative Instruments	Notes
<u>Infrastructure</u> Roads and bridges that are deficient, traffic congestion	Make transportation an asset, not a liability	Improved public safety; better roads, ports, waterways		
<u>Legal Climate</u> Louisiana's unique features result in higher costs for families and businesses	Better align La.'s legal structure with that of other states	Lower auto insurance rates; improved confidence in doing business here	HB 9 (Garofalo), SB 418 (Talbot) – Omnibus Premium Reduction Acts; HB 826 (Pressly) – liability protection	
<u>Coastal Restoration</u> Existential threat of disappearing coastline	Support resources for coastal protection and restoration	Lessen risk, protect lives, livelihoods and investments, encourage growth	Adequate appropriations for coastal protection and restoration projects; SR14 (Hensgens) and HR19 (Zeringue) re: annual plan	More than 40,000 acres of land benefitted from coastal projects; improved protection
<u>Pension Reform</u> \$18B in retirement debt; expenses growing due to debt	Establish a new hybrid system for future employees	Reduce risk for future liabilities and save taxpayer dollars	HB 31 and HB 32 (Ivey); SB 18 (Peacock)	Policies exacerbate debt, taxpayer risk, while offering inadequate plans
<u>Criminal Justice</u> La. has one of nation's highest incarceration rates	Protect recent reforms; continue to adopt modern standards (unanimous juries)	Reduced prison population and recidivism rate		

Looking to the Future

Vision

Louisiana's resolve and determination in responding to and recovering from the devastating public health and economic challenges of COVID-19 will help convert this unprecedented and historic challenge into a time of new and expanded opportunity for future generations of Louisianans. That is our vision for a Resilient Louisiana - a Louisiana that:

- enhances the ability of its people, its businesses, its governmental institutions, and its communities to recover and emerge stronger than ever;
- creates economic prosperity for all Louisianans;
- addresses foundational and long-standing challenges of inequity, poverty, and health disparities that hold Louisiana back and contribute to deep economic disparities;
- embraces growth while ensuring sustainability; and
- fosters innovation and modernization to stake its rightful place in the nation and global society, while preserving its rich cultures and natural assets.

Guiding Principles

The recommendations and strategies outlined in this plan are based on the following guiding principles. These guiding principles are used to measure recommendations and actions to ensure that the outcomes reflect these defining tenets.

1. Follow public health guidelines, determine public health capacity to dynamically assess risks, and measure transmission rates (R-effective) to transition from one phase to the next.
2. Maintain and improve the ability of all Louisiana residents to equitably have access to food, shelter, healthcare, education and job training, and other basic needs.
3. Provide support programs to increase protections for essential workers who live with increased risk to serve all Louisianians.
4. Establish a shared platform for a resilient economy across the state and across all sectors.
5. Pursue a data-driven and science-based approach - and a supporting strike team - to drive economic recovery decisions based on an understanding of needs, risks and benefits, and to ensure that risks are not disproportionately borne by the most vulnerable and the benefits are shared by all Louisianans.
6. Celebrate and build on Louisianians' shared culture of flexibility, adaptability, ingenuity, persistence, and innovation.

Introduction

The purpose of our economy is to support our people and ensure that residents are able to meet basic needs and maintain an acceptable quality of life. Thus, our goals for recovery should be focused on building a future that provides this quality of life for all. We must also recognize that, due to major, long-term shifts such as climate change and demographic changes, our needs in the future will be markedly different than those of the past. In order to be successful, strategies for rebuilding Louisiana's economy should be focused on our needs today and tomorrow and a shared vision for our future.

Summary of Recommendations

The following recommendations are based on the task force's research, expertise, and established best practices and input from other states and nations, industry associations, business leaders, local and national think-tanks and respected academic institutions.

Education and Workforce Development

K-12 Education

- 1. Address Digital Divide.** Given the scope of the digital divide that this pandemic has exposed in Louisiana, a significant amount of funding from the federal stimulus should be targeted to investments in technology. Disrupting or discontinuing instruction for students in public school systems or public universities because of technology equity can no longer be an acceptable option.
 - This would include broadband connectivity and devices for both K-12 and higher education. It is now necessary that almost every class that had traditionally been unavailable online now have a distance learning component or options for minimal student/faculty contact.

Postsecondary Education & Workforce Development

- 2. Align Universities with Workforce Priorities.** At a time when approximately 350,000 workers remain unemployed and many of them are considering upgrading their skills to move into a new industry, we recommend that Louisiana's post-secondary institutions redouble their efforts to produce graduates with short-term and high-value credentials, industry-valued certificates, undergraduate and graduate certificates, in addition to traditional undergraduate and graduate degrees.
 - It is imperative that federal stimulus dollars and other state resources such as Rapid Response funds be targeted into a highly-focused workforce development initiative such as retraining displaced oil and gas workers to address the immediate need for contact tracers. This training should be aligned to regional workforce needs and should also consider new-demand jobs, particularly in the healthcare field, that are a direct result of the corona crisis.
 - Further it is critical that Louisiana's post-secondary educational institutions align their curricular offerings.
- 3. Strengthen Research Universities.** The COVID-19 crisis should remind us that our university-based research and innovation are strategic assets in critical times. While

our universities contribute to the education and training of the vast majority of our in-state nurses, medical doctors, and pharmacists, they also contribute through cutting-edge research and innovation that impacts public health and well-being in the current context. Louisiana's research universities have been central to our ability as a state to grow our energy and petrochemical economy, lead our diversification, recruit IT companies, enhance our coastal and water management capabilities, and ensure our cybersecurity. As such, we recommend that the State ensure the viability and productivity of our research universities as decisions about budgets and budget cuts are made.

- Louisiana's universities have responded to COVID-19 with vaccine testing, production of PPE through 3-D printing, and using data science and analytics to model spread of the disease. While some of our research centers, like the Pennington Biomedical Research Center at LSU and the Louisiana Center for Health Innovation at UL Lafayette, are studying chronic diseases and socio-economic conditions that have proven to be the underlying causes of the high number of COVID-19 deaths in Louisiana, others such as the National Primate Center at Tulane and the New Iberia Research Center at UL Lafayette are working with non-human primates in the development of vaccines and therapeutics for COVID-19. As budget cuts are contemplated, these university assets, and the role they play in the health and safety of our citizens, should not be neglected.

4. Upskill Louisiana via Lifelong Learning. The State should fully embrace and appropriately fund the Louisiana Board of Regents' Master Plan for Postsecondary Education, which seeks to increase the education attainment levels of our citizens at all levels. The Plan specifically focuses on robust educational attainment for 50% of all working-age adults (ages 25-64). OneAcadiana has launched a similar initiative called "55 by 25" for the 9-parishes of the Acadiana region, as a public-private partnership, to increase attainment of high-value credentials, including certificates, 2-year and 4-year degrees, for 55% of adults by 2025. The COVID crisis shows how critical it is to maintain that focus and use the federal stimulus dollars targeted for higher education to creatively build upon that effort. As such, we further recommend that the RLC support and fund these statewide and regional efforts to increase educational attainment of all Louisianans. Further, we recommend that post-secondary institutions create flexible pathways for completion of the quick-turnaround workforce training they need to go back to work.

- Studies show that those most impacted by the shutdown of the nation's economy are low-skilled workers employed in low-paying jobs. Not only are they among the first to join the jobless ranks, the fact that they often live on the financial edge has repercussions across the economy. If we were a more highly-educated state, with a more diverse economy, the economic impact of this health crisis on Louisiana would be much different. The state as a whole should maintain a strong focus on the Louisiana Board of Regents' Master Plan attainment goals during this time.
- Education and training programs should include pathways for under-educated and formerly-incarcerated residents. As of 2015, nearly 50% of Louisiana's working adults were disconnected from employment opportunities due to lack of skills and/ or education. Neither our economy or our state can thrive without engaging a greater percentage of our workforce.

Transportation and Other Infrastructure

Transit and Transportation Systems

- 5. Investment in transportation infrastructure:** Transportation investments provide an opportunity to address a backlog of needs throughout the state, expand transportation options, create jobs, spur economic recovery and development and prepare our cities and towns for future growth, development and sustainability. Like much of the country, Louisiana has not invested adequate resources in infrastructure for three decades, resulting in a high percentage of state roads and bridges deficient and in need of major repairs. here is also a need to expand the State’s approach to transportation investment to address the need for affordable, quality transit, micro-transit, and bike/ pedestrian options to serve those who rely on public transit for access to jobs and services as well as to provide the kinds of transportation choices that are increasingly critical to economic competitiveness and resilience during times of disaster.
- Ensure that we are investing limited transportation dollars in the infrastructure we need for the future, not the infrastructure we needed in the past. Plan for population shifts underway throughout the state due to land loss and other factors and new mobility options taking hold in urban areas and driving economic change such as driverless cars, drones, scooters, and ride-hailing services.
 - In addition to stimulus and recovery funding, Louisiana should plan for a long-term increase in transportation funding. Develop permanent funding streams from both public and private sources to support a “fix it first” approach to roads and bridges as well as expansion of transit, complete streets and passenger rail.
 - Prioritize provision of transit and microtransit services for essential employees needing safe, affordable access to jobs. Residents with access to efficient transit will be able to get back to work faster than those without transportation.
- 6. Position Louisiana as an energy state, not just an oil and gas state.** Continue to diversify Louisiana’s energy sector so that we continue to be a state supplying energy to the nation. Include conditions on royalties and severance that allows the state to benefit from creating energy at a level that is comparable to other energy-rich states. Globally, major oil and gas companies are investing in alternative energies.
- In 2018, the US invested \$6.8 billion in clean energy RD&D, more than any other country. A recent study from the Bureau of Ocean Energy Management found significant potential for offshore renewable energy technologies in the Gulf of Mexico. Renewable energy development, particularly wind energy, is an opportunity to attract a share of this investment and is well suited to Louisiana’s existing manufacturing industry and infrastructure. Construction of wind farms, for example, supports a robust labor force and requires operation and maintenance workers providing long-term, well-paid jobs. Promote the adaptive reuse of existing infrastructure. Louisiana already has the challenge of a large quantity of abandoned oil and gas infrastructure. Offshore platforms have the potential to be repurposed for wind energy. The decommissioning of old oil and gas infrastructure and the adaptive reuse of oil platforms represents a significant opportunity for long-term, quality jobs.

- Invest in and incentivize renewable energy. Since 2010, the cost of building large wind farms has declined 40%, while solar costs have dropped more than 80%, making them competitive with fossil fuels. With much of the world actively shifting away from oil and gas, we need to ensure Louisiana does not become a stranded asset.
- Invest in and provide job training for energy efficiency in the built environment. There is a significant need to improve the state's energy efficiency by retrofitting existing buildings. This represents a significant opportunity for workforce training and well-paying jobs.

7. Capitalize on Louisiana's expertise and investments in coastal restoration and water management. The coastal management sector, which has demonstrated significant growth in the last decade, has the potential to become an even greater driving economic asset for the state and its residents. Louisiana should capitalize on the opportunity to become a world leader in coastal adaptation and water management while simultaneously working to improve its ecosystems.

- Louisiana is a coastal laboratory with an opportunity to develop approaches, techniques, and solutions applicable around the world. Through a combination of regulations, financial incentives, technical assistance, outreach, and education, continue to build Louisiana's expertise in coastal and stormwater management. Continued support will also increase the state's ability to assist other states and countries with similar issues and position itself as a leader in coastal restoration and protection as well as flood risk reduction.
- As world markets shift, natural resource-based sectors of the economy will need to adapt. To assist with transitioning workers (for example, from support industries for oil and gas to manufacturing components for wind farms), the state and local governments should explore retraining programs that target impacted economies and their workers.
- Protect coastal funds. There are more jobs in southeast Louisiana in water management and restoration than there are in oil and gas. This is a growing market and the state is actively developing global expertise.
- Parlay the state's expertise and investments in coastal restoration into new funding sources through emerging markets. Louisiana can develop new revenue streams as carbon markets expand and others look to offset their carbon emissions. Blue carbon is the term for carbon stored and sequestered in coastal ecosystems. The restoration of coastal wetlands can be a method for emitters to offset their emissions while providing an important revenue stream for additional large-scale wetland restoration.

8. Maximize the use of floodplains and green infrastructure to reduce flood risk and improve resilience statewide. Throughout the state, the restoration of wetlands and the reconnection of floodplain habitats to rivers can decrease regional flood risk and provide opportunities for job creation. Committing to increasing green space in urban areas through the deliberate implementation of green infrastructure improves quality of life and offers workforce training and job opportunities.

- Alleviate Louisiana's flood conditions both along the coast and near rivers, bayous, and streams. Transportation and development infrastructure should incorporate

green infrastructure to the maximum extent practicable to lessen their impacts on flood conditions. While there is a primary benefit of reducing flood risk, the secondary benefits of improved air and water quality, reduced urban heat island, and improved health outcomes, both mental and physical, ensures infrastructure investments also address some underlying drivers of vulnerability.

- Invest in stormwater management approaches that confer additional benefits beyond flood risk reduction. Increased green space in urban environments not only reduces stormwater runoff it is also positively correlated with better physical and mental health. Improving stormwater management throughout the state using nature-based approaches complements the state's "Sportsman's Paradise" image and long-term maintenance costs are less than for comparable traditional approaches (grey infrastructure).
- Naturalizing drainage channels and restoring floodplain habitat has been identified as an opportunity for workforce development by the Louisiana Watershed Initiative while enhancing the water economy throughout the state, building upon the strong water economy on the coast
- There are a number of high impact flood control projects on the books throughout the state that lack funding. This is an opportunity for some high-impact stormwater infrastructure projects to be funded that would appreciably bring down local flood levels in future storms. Currently funding allocations makes these projects out of reach.

Technology and Innovation

9. **Strengthen Broadband Infrastructure for a "Connected Louisiana."** An urgent priority is to make broadband infrastructure pervasive throughout the state, in both urban and rural areas. Given the *"future of work and the workplace"* in a post-COVID world, investing into broadband -- the most vital "utility" of the new age economy -- must become a high priority for a high-bandwidth and broadband **Connected Louisiana** to assert its competitiveness in such areas as digital education, tele-health, e-commerce, and e-governance.
 - Leverage existing broadband infrastructures, including state-owned assets such as the Louisiana Optical Networking Initiative, DOTD fibers and dark fibers to maximize the penetration of broadband through a statewide Fiber-to-the-Premise (FTTP) imperative.
 - Through enabling legislation and innovative public-private partnerships, Louisiana should continue its efforts to work with electric cooperatives (including rural co-ops) to address the digital divide and foster economic opportunities for all Louisianans, given the growth of the gig-economy, telework, and the state's push for e-commerce opportunities for business and industry.
10. **Enhance Louisiana's Cybersecurity Resilience.** Louisiana should make investments into several initiatives and programs identified by the Governor's Louisiana Cybersecurity Commission to enhance cybersecurity skills, capabilities, and capacities of Louisiana's businesses, municipalities, governmental agencies, and citizens. The State should align economic incentives and procurement opportunities for Louisiana businesses that demonstrate their cybersecurity resilience.

- Over the past two years, the Louisiana Cybersecurity Commission has led comprehensive efforts to develop Louisiana's Cybersecurity Strategic Plan, which, when funded and implemented, will significantly enhance opportunities in a broadband-enabled, and digitally connected Louisiana.

11. Enhance Louisiana's New Economy Capacity through the *Louisiana Innovation Council*. Louisiana should reimagine the Louisiana Technology Council to launch the *Louisiana Innovation Council* to harness the full potential of research universities, innovative private sector companies and entrepreneurship support organizations to foster the innovation ecosystem across the state. In addition, Louisiana should align tax incentives to create greater synergies between companies recruited to Louisiana and our post-secondary institutions, and pair federal investments in research and development with LED and private-sector investments in scientific and technical moonshots.

- For too long Louisiana has languished at the very bottom of the national rankings of the *States New Economy Index* and other such national and global measures of innovation. Viewing the challenge of COVID-19 as an opportunity to build an innovative Louisiana that fully exploits the intellectual capital of its research universities, the enterprising nature of its entrepreneurial people, and the productivity of its business, and industry.

Business Prospects in the New Normal

In order to build a more resilient and equitable economy and community, Louisiana's post-COVID-19 business development efforts must support and grow foundational industries, while attracting and growing diversifying industries. In considering how to accomplish that, we can be guided by large trends already in place and accelerating:

- Digital transformation
- Healthcare innovation
- Water management
- Transformation of the energy industry
- Onshoring of key manufacturing and service industries to ensure sustainability of supply in food, medical, energy and other critical areas

Small Business Support

Small businesses are critical to the vitality of Louisiana communities. A [recent report by Main Street America](#) revealed that nearly 31% of small businesses in Louisiana that responded to the survey are at risk of closing permanently over the next two months as a result of closures during the COVID-19 pandemic. Nearly 60% of small businesses that responded to the survey could close over the next five months. While federal relief measures may address the immediate survival of small businesses during the COVID-19 pandemic, full recovery of even our strongest small businesses will be sideswiped by this unprecedented event.

12. Support policies that encourage private investment in small businesses. Similar to other proven policies, the private sector can be a critical partner to taking our small businesses off of life support by leveraging proven federal programs and capital. During the Great Recession, tax credit programs that facilitated the flow of capital to

small businesses located in underserved areas helped minimize the closing of our nation's backbone. Louisiana should tap into an existing network of federally licensed Small Business Investment Companies and Rural Business Investment Companies, who are certified with the singular mission of growing our nation's small businesses. CARES Act or future federal stimulus funding could be utilized to leverage private capital, or an incentive that incorporates best practices and principles, also mandating that the private sector match public funding with private capital and invest in our state's small businesses, perhaps only in low-income and severely distressed communities or opportunity zones.

- Use federal funding to establish small business grants or loan funds. Provide grants or loans to small businesses for authorized uses utilizing CARES Act funding or other future, federal funding through public-private partnerships.
- Provide incentives for small businesses to complete necessary retrofitting for COVID-19. As an incentive for Louisiana small businesses to retrofit operations to ensure a healthy and safe environment for employees, Louisiana residents and tourists, assess potential incentive models that provide small businesses the necessary cost-saving measures to retrofit their businesses to a safe and touch free environment – doors, sinks, toilets, payment methods, etc.
- Expand the Enterprise Zone Tax Credit for use by small businesses in the hospitality industry, including restaurants and hotels, and other hard-hit industries.

Domestic Manufacturing and Value-Added Industry

13. Create an ecosystem (physical infrastructure, education, jobs training, fiscal incentives) to support existing and new industry in these sectors. Business development efforts should emphasize the following:

- **Companies should repatriate their supply chain**, leading to opportunities for manufacturing and service jobs. Louisiana has logistical and workforce advantages for reshoring of manufacturing jobs, particularly in the food and medical areas. Direct business development efforts towards pharma and PPE operations that may be candidates for on-shoring to ensure a sustainable and secure supply of those products.
- **Create incentives for tech companies** to bring home programming and service jobs. U.S. infrastructure has allowed our workers to work from home uninterrupted while this has not been true for many overseas markets. Fast-growing tech communities like Greater New Orleans, with its reputation for a diverse workforce, can build off of the ecosystem in place. Programs such as digital tax credits, jobs initiatives, partnerships between Louisiana educational institutions and employers can help advance this effort.
- **Support next generation digital media** (including music industry) and the software development ecosystem in order to develop a broad array of companies. These can include software for healthcare, logistics, energy, food manufacturing and other industries. Louisiana is already strong in certain tech verticals, particularly video games, which have grown 65% during the COVID crisis. Augmented reality is another area of growth, as is telemedicine. Protect the digital,

angel investor and quality jobs incentives as part of maintaining and developing the ecosystem.

- **Provide support for entrepreneurship.** The “New Normal” will drive a wave of innovation from local start-ups. Support the development of start-ups beyond the initial business plan through continued education. Support efforts to provide capital for growth.

14. Leverage Louisiana’s Assets to Repatriate the U.S. Pharmaceutical Supply Chain.

COVID-19 has exposed gaps in supply chains that are critical to national security, public safety, health, and wellness of all Americans. Louisiana offers significant strategic advantages to recruit companies involved in the manufacturing of pharmaceuticals, biomedical devices, and medical supplies. These include university-based life sciences R&D assets; abundant availability of chemical feedstocks and blue-collar manufacturing workforce, especially given the cyclical declines in oil and gas industry; availability of multi-modal transportation and logistics networks; access to markets and capital; growing networks of healthcare and hospital systems throughout Louisiana; and access to a population with significant disease diversity creating opportunities for clinical innovations. We recommend that Louisiana establish the “*Louisiana Bio-Pharma Advantage Taskforce*” to work with LED and submit a detailed plan within the next 180 days to the Governor’s Office and the State Legislature, outlining a robust strategy to recruit these supply chains to Louisiana.

- Over the last 30 years, Americans have passively watched, as the pharmaceutical industry outsourced manufacturing to countries which could provide cheaper labor, raw materials, operations, etc. The American public, while bothered by the loss of jobs, was lulled into compliance with the prospect of lower priced goods. COVID-19 exposed security risks that are embedded in the current pharmaceutical supply chain. More than 72% of active pharmaceutical ingredients (APIs) - the actual drugs that are then formulated into tablets, capsules, injections, etc. are not produced in the United States. The health and security of the United States is quite literally in the hands of manufacturers in China, India, and other nations around the world.

Reinvestment and Redevelopment

Louisiana’s communities are more resilient now than ever in many aspects, but not every community is prosperous and not every community has access to the support it needs to remain resilient. Communities that were prosperous before COVID-19 may now face new or additional inequities, job loss and lack of affordable housing opportunities. In order for Louisiana communities to thrive, equity, inclusion and innovation must be available and accessible to all.

- 15. Affordable Housing.** [The proposed 2020-2024 State of Louisiana Consolidated Plan for Housing](#), submitted to HUD, provides that housing and homeless needs of the State are substantial and **complex**, partly due to diverse racial and ethnic composition (numerous areas across the state contain concentrated populations, including African American, Hispanic, Asian, and others), as well as multiple and varying housing and non-housing challenges following historic flooding in August 2016. The cost of affordable housing development in Louisiana is affected by its policies, including tax

policies affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment. Considering the acute issues facing the lack of affordable housing and existing housing throughout Louisiana and public policy barriers, the following policies are recommended to provide access to affordable housing for a future, resilient Louisiana:

- **Utilize CDBG, Project Based Section 8, Tax-Exempt Bonds, and any other financial resources available to Louisiana agencies** to support the creation and retention of mixed-income housing and affordable housing for seniors and other vulnerable populations. Funding should prioritize properties owned by Housing Authorities, State and Local Governments, blighted or abandoned properties, and other necessary, impactful, shovel-ready developments that can be undertaken via public private partnerships.
- **Support the conversion of existing infrastructure and historic structures into affordable housing** by increasing the amount of the Louisiana state commercial historic tax credit to 30% for properties that use Federal Low-Income Housing Tax Credits and by removing Federal HTC and State HTC proceeds from the per-unit Total Development Cost limitation in the Louisiana Qualified Allocation Plan for Federal Low-Income Housing Tax Credits.

16. Blight Remediation. As noted in a [2015 paper by the Community and Economic Development Department of the Federal Reserve Bank of Atlanta](#), blight—or the proliferation of vacant, abandoned, or poorly maintained properties—is a critical **community** issue in many cities throughout the United States, especially Louisiana. Economic shifts following the Great Recession changed neighborhoods significantly, due in large part to abandoned and bank-owned properties, disproportionately located in poor and unstable neighborhoods. The impacts of COVID-19 and the corresponding economic downturn will undoubtedly leave a mark on communities throughout Louisiana far beyond the resulting shifts of the Great Recession. Blight is associated with social, economic, environmental, and public health effects on neighborhoods, often due to suburbanization, population decline (particularly in rural areas), job losses, foreclosures and other events that render existing structures vacant or unusable.

- **Utilize CDBG funding** to establish a state-wide program that incorporates best practices from the New Orleans' BlightSTAT program, a program led by the Office of Performance and Accountability that brought leaders together from the New Orleans Redevelopment Authority (NORA) and the departments of code enforcement, community development, information technology and innovation, and law to address blight following Hurricane Katrina. The initial thrust of the program was to eliminate 10,000 blighted properties by 2014 in a transparent and accessible manner.
- **Assess Louisiana communities with land banking capabilities** to provide services to acquire, abate, and return properties to active use.

17. Community Development – A Holistic Approach. Communities go beyond housing – local small businesses, large employers, community centers, schools, healthcare facilities – are among the many factors and industries that comprise a community, its

necessities and the **necessary** components of a strong, resilient community. Louisiana businesses are the economic engines of communities, providing jobs to support residents. In order to plan for a future, resilient Louisiana, we must support diverse industries, small business growth and new job opportunities.

- Incentives that strive to accomplish those objectives should incorporate best practices and guiding principles that result in successful incentives while driving value innovation:
 - Utilize incentives with a delayed impact to state budgets, while investments and economic activity occur now;
 - Mandate transparency through annual or bi-annual reporting to the State;
 - Demand accountability through effective incentive processes;
 - Encourage investment of private capital but only within state boundaries, while still attracting outside investment or new dollars to the State;
 - Measure outcomes prior to renewal of program; and
 - Empower relevant agencies to preside over programs. With these best practices and principles in mind, Louisiana can consider and incorporate policies proven to effectively leverage federal capital through the use of the private sector to catalyze investment in Louisiana communities, particularly low-income and severely distressed communities.
- **Extend and renew the Louisiana Commercial Historic Tax Credit**, which has been utilized to revitalize and rehabilitate main street communities in approximately half of Louisiana's parishes. The HTC has breathed new life into vacant, blighted or under-utilized properties throughout more than half of our parishes in Louisiana - schools, warehouses, factories, commercial buildings and more. Every dollar in historic tax credits generates \$8.76 in economic activity, according to a study performed by Place Economics. Providing an incentive – and an increased incentive for structures located in opportunity zones, rural areas and for the purpose of affordable housing - for the private sector to invest in our state's existing infrastructure will ensure lasting impact for our Main Street communities.
- **Renew the Louisiana New Markets Tax Credit**, La. R.S. 47: 6016, et al, in order to leverage available capital that will be announced by the CDFI in the Summer of 2020 (\$3.5 billion) and in 2021 (\$5 billion) for the 2019 and 2020 NMTC allocations. The NMTC is designed to drive investment in low-income communities and severely distressed areas deemed too risky by traditional investors. The Federal NMTC Program has resulted in \$42 billion in direct federal investments, leveraging nearly \$80 billion in total private capital investment and the creation of more than 1 million jobs nationwide. Every \$1 of federal NMTC credits results in \$8 of private investment and \$2.20 in federal tax revenue. A study of the Louisiana NMTC Program revealed that for every \$1 in tax credits issues, \$2 in tax revenue was return to the state, the bulk of the revenue in sales and personal income taxes. There are over 30 Louisiana companies and firms that participate in the federal NMTC Program – whether as investors, attorneys, developers, tax credit providers, CPAs – who could utilize their expertise in attracting private capital to our state's hospitality sector, operating companies, community centers, schools, agribusinesses, small businesses - all of which shall be located in low-income census tracts throughout Louisiana.

- **Support policies that encourage private investment in small businesses,** which are critical to the vitality of our resilient communities. A recent report by Main Street America revealed that nearly 31% of small businesses in Louisiana that responded to a survey are at risk of closing permanently over the next two months as a result of the effects of closures during the COVID-19 pandemic. Nearly 60% of small businesses that responded to the survey could close over the next five months. While federal relief measures may address the immediate survival of small businesses during the COVID-19 pandemic, full recovery of even our strongest small businesses will be sideswiped by this unprecedented event. Similar to other proven policies, the private sector can be a critical partner to taking our small businesses off of life support by leveraging proven federal programs and capital. During the Great Recession, tax credit programs that facilitated the flow of capital to small businesses located in underserved areas helped minimize the closing of our nation's backbone. Louisiana should tap into an existing network of federally licensed Small Business Investment Companies and Rural Business Investment Companies, who are certified with the singular mission of growing our nation's small businesses. CARES Act or future federal stimulus funding could be utilized to leverage private capital, or an incentive that incorporates best practices and principles, also mandating that the private sector match public funding with private capital and invest in our state's small businesses, perhaps only in low-income and severely distressed communities or opportunity zones.
- **Plan for walkable communities** by investing in areas surrounding transportation hubs throughout Louisiana. Support federal policies similar to the REHAB Act, which encourages greater private capital investment in public infrastructure, affordable housing and economic development – a timely goal and mission of driving the investment market toward walkable, affordable neighborhoods. The REHAB Act utilizes an incentive for rehabilitation of non-historic buildings 50+ years old and within ½-mile of existing or planned public transportation facilities. Eligible projects include residential rental property, building expansion and rehabilitation and new construction on adjacent lots on the same block. Bonus incentives are available for expenditures related to public infrastructure and attainable housing projects (units that are rent-restricted and occupied by individuals whose average income does not exceed area gross median income.)
- **Develop an aging in place strategy** which will promote overall health, housing and ability to live independently for a longer period of time.

Fiscal Policy and Reform

Building a stronger, more resilient Louisiana economy requires a tax structure that is fair, adequate and sustainable - one that is competitive with other states, yet raises the revenue needed to make the investments necessary in education, workforce training, healthcare services and public safety. That requires some difficult reforms in the way Louisiana raises and spends money, and in the state's relationship with the federal government.

18. **Decouple Louisiana's tax code from the federal tax code.** Louisiana is one of only three states (Alabama and Iowa are the others) that allows full deductibility of federal taxes on state returns. The HCR11 task force, in its final report to the Legislature, explained why this is bad policy: "This deduction ties the fortunes of Louisiana taxpayers and the state's revenue picture to the perturbations of the federal tax code and hinders the adoption of lower rates that would apply to all taxpayers." Similarly, Louisiana should decouple its tax code from the federal Opportunity Zone law that gives investors a break on capital gains taxes for making certain investments.
19. **Review and consider eliminating tax credits that have a negative return on the state's investment.** Independent studies have shown that Louisiana's Motion Picture Investor Tax **Credit** and the Quality Jobs Tax Credit provide a poor return on the state's investment. These tax credits are a form of government spending, and take up resources that could otherwise be used for other investments.
20. **Maximize the use of federal dollars and encourage more aid.** States are constrained in their ability to respond to economic downturns because of the requirement to maintain a balanced budget. When state economies contract, the demand for services rises and the revenue to pay for those services inevitably shrinks. The federal government has tried to mitigate this with stimulus bills, including the CARES Act. But these laws come with many restrictions on how resources can be used, and will not be enough to make up for the steep shortfalls that state and local governments will face in the months and years ahead. Louisiana should encourage federal legislation such as the bipartisan State and Municipal Assistance for Recovery and Transition (SMART) Act, which would provide emergency funding to every state and municipality and prioritize those with the greatest demonstrated need.
 - **Prioritize fairness and equity.** The Covid-19 pandemic has wreaked the most economic damage on the populations that had the least to begin with. While unemployment has hit every economic sector, the biggest job losses are in the fields of hospitality, food service, accommodation and retail - jobs that typically pay below the ALICE threshold for a family of four. To the greatest extent possible, Louisiana's economic recovery efforts should prioritize the workers and families that have suffered the most negative effects from the pandemic - those on the front lines, those who have lost jobs and those who want to use this moment to train for new careers by acquiring new skills. Poverty has been a fact of life for too many Louisiana families for far too long. In 2018, Louisiana's poverty rate (\$21,720 per year for a family of 3) of 18.6% was the nation's third highest. For black Louisianans, the poverty rate is 30%. More than 840,000 Louisianans lived below the poverty line before the pandemic. If poverty was a city, it would be the biggest in the state by a factor of 2. But the problem is much broader. The United Way's ALICE report (Asset Limited, Income Constrained and Employed) estimates that 48% of households don't earn enough to meet the cost of living in their parish. That's largely because two-thirds of the jobs in Louisiana pay below \$20 an hour.