

Louisiana Economic Recovery Task Force
Phase III Report
August 14, 2020

LOUISIANA

**ECONOMIC
RECOVERY**

TASKFORCE

Presented to
Senate President Page Cortez and House Speaker Clay Schexnayder

Louisiana Economic Recovery Task Force Business and Government Working Together

The LAER Task Force comprises private sector business leaders tasked with advising lawmakers on economic recovery in the wake of the COVID-19 pandemic. The goal of the Task Force, established by Senate President Page Cortez and House Speaker Clay Schexnayder, is to develop practical and specific policy recommendations to jump-start the Louisiana economy in the short term and lay the foundation for continued economic resurgence in the months and years to come.

Louisiana Economic Recovery Task Force Letter from the President and Speaker

PATRICK PAGE CORTEZ
PRESIDENT OF THE SENATE



CLAY SCHEXNAYDER
SPEAKER OF THE
HOUSE OF REPRESENTATIVES

LOUISIANA LEGISLATURE

In April 2020, when we began discussing Louisiana's economy and the effects the coronavirus was having, we envisioned the gathering of a team of business leaders, providing sound recommendations to the legislature, in order to help reignite our economy in the wake of the health and economic crisis brought on by the COVID-19 pandemic. What the Louisiana Economic Recovery Task Force accomplished in just two and a half months is nothing short of historical. During the 2020 Regular Session, the Task Force provided the legislature with 13 instruments specifically targeted at immediately aiding Louisiana businesses with re-opening their doors and re-hiring our workforce. These businesses were forced to shut down, due to no fault of their own, and we owed it to them to provide assistance and tools to recover. We would like to congratulate the entire Task Force on successfully working with the members of the legislature to pass 12 instruments that were helpful in the effort to re-open many of these businesses and stimulate our economic recovery.

As we closed out the 2020 Regular Session, we requested that the Task Force make further recommendations to help with the interim recovery of our economy. When the 2020 First Extraordinary Session convened, many of the Task Force recommendations were introduced and by the end the special session, the Task Force had supported 16 legislative instruments with 14 successfully making it through the legislative process and then signed into law. All of the instruments supported by the Task Force were done so through one lens: safely re-opening our economy.

It is widely known that Louisiana is no stranger to disasters and thus recovery. However, we must recognize the unprecedented nature of the challenges presented through this pandemic. While we continue to focus our efforts on restarting the economy, getting students back to school, and addressing the health crisis, we cannot pass up the opportunity to learn from this experience and set ourselves up for economic strength in the future. The recommendations presented in this Phase III report do just that: provide Louisiana with sound policy recommendations that will help us, not only recover, but put us on solid economic footing so that we can forge a brighter, better future for every Louisianan.

Sincerely,

Handwritten signature of Patrick Page Cortez in blue ink.

Patrick Page Cortez
Senate President

Handwritten signature of Clay Schexnayder in blue ink.

Speaker Clay Schexnayder
Speaker of the House



Louisiana Economic Recovery Task Force Task Force Leadership



JASON M. DECUIR, CHAIRMAN

Jason DeCuir MBA, JD, LL.M., is Co-owner and Partner with Advantous Consulting, LLC, a leading tax services firm in Louisiana, that uniquely delivers customizable, end-to-end solutions that range from turnkey compliance services to high-level planning and advisory consulting. Prior to joining Advantous, he was principal at a global tax services firm. He also served as Chief of Staff, Assistant Secretary and Executive Counsel at the Louisiana Department of Revenue (LDR) during his tenure from 2011 – 2014. In these roles, he was an advisor to three Secretaries and to the Governor on legal and policy issues affecting state taxation.

While at LDR, DeCuir was responsible for the Litigation, Policy Services, Criminal Investigation, and Public Affairs Division. He also oversaw all legislative matters with respect to tax policy and was actively involved with national organizations such as FTA, MTC, COST and SEATA). In 2013, DeCuir was tasked by the Governor to help spearhead his tax reform efforts. In this role, he was instrumental in reforming the structure for tax appeals in the state of Louisiana, increasing the state's COST scorecard from a "D-" to a "B."

DeCuir, a national expert in the field of state and local tax policy, has been practicing in the tax arena for over 20 years and is a fixture in Louisiana, representing businesses across all industry sectors related to complex tax matters. He is also one of the state's foremost policy experts within the walls of the State Capitol, advocating for sound tax policy ideas and reforms.

DeCuir has been appointed to serve on the following councils and commissions: LABI's Taxation & Finance Issue Council (Chairman), the Louisiana Sales Tax Streamlining and Modernization Commission, the Louisiana Tax Institute, the Louisiana Task Force on Structural Change in Budget and Tax Policy (HCR 11), the PAR Constitutional Advisory Council, the PAR Tax Advisory Committee, the Mississippi Department of Revenue Business Advisory Council, and served on a Governor's fiscal transition team to advise on budgetary and tax issues. DeCuir was named Chair of the Louisiana Economic Recovery Task Force by Senate President Page Cortez and Speaker of the House Clay Schexnayder. In this role, he was charged with restarting our economy due to the impacts of COVID-19. Most recently, he was appointed the Chair of the HR 31 Centralized Sales and Use Tax Administration Study Group, enacted during the 2020 special session, which will formulate legislation to centralize Louisiana's sales tax collection system.

DeCuir is a frequent lecturer on state and local tax policy at national tax conferences around the country, including: Council on State Taxation (COST), Institute for Professionals in Taxation (IPT), Multi-State Tax Commission (MTC), Southeastern Association of Tax Administrators (SEATA), etc. DeCuir frequently appears on state and local television and radio shows as an expert on tax matters.

DeCuir's previous experience in the private sector includes being a tax attorney and partner in several law firms and the founder of a consulting firm that specialized in tax advocacy and governmental affairs for companies across multiple industry sectors. DeCuir has a Bachelor of Business Administration degree from Howard University where he was an Academic All-American and a four-year letterman as place-kicker. He also holds a Master of Business Administration degree from Louisiana Tech University, a Juris Doctor degree and a Bachelor of Civil Law degree from the Louisiana State University Paul M. Hebert Law Center, and a Master of Laws degree in Taxation from Georgetown University Law Center.

DeCuir has served on the Boards of Baton Rouge Food Bank, Boys and Girls Club, Cristo Rey Baton Rouge Franciscan High School, Inspire Charter Academy, LABI, Salvation Army, and Young Leaders Academy. He is also a member of the Federal, State and Local Bar Associations in Louisiana.



JOEL ROBIDEAUX, VICE-CHAIRMAN

Joel grew up in Lafayette where he and his wife Bobette raised their three boys — Dylan, Brennan and Luke. He is a graduate of the University of Southwestern Louisiana (now the University of Louisiana at Lafayette) and LSU, earning his master's degree in Finance before becoming a Certified Public Accountant (CPA). For 20 years he owned and operated a successful accounting firm in Lafayette, serving individuals, families and businesses before being elected as Lafayette Parish's chief executive.

In 2004, Joel was elected to the Louisiana House of Representatives. As a member of the Louisiana House of Representatives, he served in many leadership roles including Speaker Pro Tempore, Chairman of the House Ways & Means Committee, Chairman of the Joint Legislative Committee on Capital Outlay, Chairman of the Retirement Committee, and as a Louisiana State Bond Commission member.

During his tenure as a State Representative, Joel was recognized by his colleagues with the coveted Hudson Cup, the "Gentleman of the House" award for the legislator who "most exemplifies the qualities of decorum, respect, humor and leadership" during the 2013 legislative session.

In 2015, Joel was elected as Lafayette's Mayor-President. He served in that role for four years before deciding not to seek reelection. During his tenure as Mayor-President, Joel focused on leveraging Lafayette's entrepreneurship, fiber infrastructure, and cultural uniqueness as economic drivers. Managing a budget of over \$600 million, he identified areas of surplus and redirected over \$30 million to much needed drainage efforts. He also initiated the conversion of our Parish Animal Control Center to a "No-Kill Shelter" for domestic pets.

Mayor-President Robideaux has been active in the community, having served as Charter President of Kiwanis of Vermilion and a board member for both Camp De Bon Coeur and Habitat for Humanity. He has been an adjunct faculty member at UL and an instructor for Junior Achievement. As a fan of youth sports, he also coached for Lafayette Little League Baseball and Lafayette Youth Soccer.

Louisiana Economic Recovery Task Force Organizational Structure

Louisiana Economic Recovery Task Force

ORGANIZATION STRUCTURE

LEGISLATIVE SELECT
 COMMITTEE ON LOUISIANA
 ECONOMIC RECOVERY

PRESIDENT OF THE SENATE
 SPEAKER OF THE HOUSE

(RECEIVES REPORT)

TASK FORCE

TASK FORCE CHAIR

ENSURING PUBLIC
 HEALTH & SAFETY
 AT WORK

SUPPORTING DIVERSE
 INDUSTRIES ACROSS
 THE LA ECONOMY TO
 GROW & PROSPER

ENCOURAGING
 LONG-TERM
 ECONOMIC GROWTH

STEERING
 GROUP

PROMOTING JOBS &
 OPPORTUNITY FOR
 LOUISIANA

REMOVING OBSTACLES
 TO INCENTIVIZE JOB
 CREATION &
 ECONOMIC GROWTH

(FIVE WORK GROUPS)

Louisiana Economic Recovery Task Force Steering Group

Louisiana Economic Recovery Task Force

STEERING GROUP

CHAIR OF TASK FORCE

VICE-CHAIR OF TASK FORCE

FIVE CHAIRS OF WORK GROUPS

PRESIDENT'S APPOINTEE

SPEAKER'S APPOINTEE

FIVE SPECIAL ADVISORS

PUBLIC RELATIONS

Louisiana Economic Recovery Task Force Steering Group

Louisiana Economic Recovery Task Force

JOINT LEGISLATIVE SELECT COMMITTEE

SENATE

PRESIDENT, THE HONORABLE PAGE CORTEZ	PRESIDENT PRO TEMP, THE HONORABLE BETH MIZELL
FINANCE, SEN. "BODI" WHITE	REVENUE & FISCAL AFFAIRS SEN. BRET ALLAIN
DEMOCRATIC CAUCUS, SEN. TROY CARTER	HEALTH & WELFARE, SEN. FRED MILLS
COMMERCE, SEN. RONNIE JOHNS	REPUBLICAN DELEGATION, SEN. SHARON HEWITT
BLACK CAUCUS, SEN. JIMMY HARRIS	

HOUSE

SPEAKER, THE HONORABLE CLAY SCHEXNAYDER	SPEAKER PRO TEMP, THE HONORABLE TANNER MAGEE
APPROPRIATIONS, REP. "ZEE" ZERINGUE	WAYS & MEANS, REP. STUART BISHOP
COMMERCE, REP. PAULA DAVIS	HEALTH & WELFARE, REP. LARRY BAGLEY
DEMOCRATIC CAUCUS, REP. SAM JENKINS	REPUBLICAN DELEGATION, REP. BLAKE MIGUEZ

Louisiana Economic Recovery Task Force Phase III Report LAER Task Force Membership

Task Force Members

Task Force Chairman: Jason DeCuir, Advantous, LLC

Task Force Vice-Chairman: Joel Robideaux, Summit Financial

Senate President's Appointee: Verge Ausberry, LSU Athletics

Speaker of the House's Appointee: Lionel Rainey III, LR3 Public Relations

Task Force Members: Scott Ballard, Ballard Brands, LLC; Ballard Hospitality, LLC
Dr. Stephen Barnes, Kathleen Blanco Public Policy Center/ULL
Jim Bernhard, Bernhard Capital Partners
Greg Bowser, LCA/LCIA
Gifford Briggs, LOGA
Stephanie Calhoun, CenturyLink
Blake Chatelain, Red River Bank
Chett Chiasson, Greater Lafourche Port Commission
Jeff Copeskey, Exxon Mobil
David Cresson, CCA Louisiana Hank Danos, Danos
Maura Donahue, Donahue Favret
Jeff Drozda, Louisiana Association of Health Plans
Lavelle Edmonson, Marathon Petroleum Company
David Ellis, Entergy New Orleans
Friday Ellis, Governor Property Group; Governors Cigar & Pipe
Tommy Fauchoux, Dow
Art Favre, Performance Contractors, Inc.
John Finan, Franciscan Missionaries of Our Lady Health System
Kelisha Garrett, New Orleans Regional Black Chamber
Cody Gielen, Shop Rite/Tobacco Plus
Tyler Gray, LMOGA
Dr. Craig Greene, BROC Orthopedic Surgery; LA PSC District 2
Steve Grissom, The Newton Group
Bryan Hanks, Beta Land Services
Stan Harris, Louisiana Restaurant Association

Louisiana Economic Recovery Task Force Phase III Report LAER Task Force Membership

Task Force Members

Beverly Haydel, Sequitur Consulting
Michael Hecht, GNO, Inc.
Meryl Kennedy Farr, Kennedy Rice Mill, LLC; Neighbors, LLC
Adam Knapp, BRAC
Raymond Lasseigne, TMR Exploration, Inc.
Chris Leopold, Chris Leopold Specialty Company, LLC
Scott Martinez, North Louisiana Economic Partnership
Matt McKay, All Star Automotive Group
Jude Melville, B1Bank
Quentin L. Messer, New Orleans Business Alliance
Todd Murphy, Jefferson Chamber of Commerce
Richard Neal, Golden Nugget Lake Charles
Nannette Noland, The Powell Group
Pete November, Ochsner Health System
Dr. Katie O'Neal, LSUHSC; Our Lady of the Lake
Allyson Pharr, Acadian Ambulance
Scott Poole, RoyOMartin
Art Price, Badger Oil
Deborah Randolph, Central Louisiana Chamber of Commerce
Dave Roberts, Excel
Ruffin Rodrigue, Ruffino's
Eric Schouest, CLECO
Chris Schouest, ITA Truck Sales & Service, LLC; Fairway
Transport, LLC; Acadiana Waste Services, LLC; Schilling
Distributing Company
Dr. Loren C. Scott, Loren C. Scott & Associates, Inc.; LSU
Doug Shipley, Fairgrounds Race Course
Nathalie Simon, Laitram Manufacturing
Craig Spohn, Cyber Innovation Center
Dennis Stine, Stine Lumber
Dawn Starns, NFIB
George Swift, SWLA Economic Development Alliance Chamber
Stephen Waguespack, LABI

Louisiana Economic Recovery Task Force Phase III Report LAER Task Force Membership

Advisors

Key Advisors:

Whitney LaNasa, Stonehenge Capital
Meghann Tullos, Advantous, LLC

Special Advisors:

Jim Bourgeois, Lafayette Economic Development Authority
Camille Conaway, LABI
Barker Dirmann, Ascension Chamber of Commerce
Beverly Haydel, Sequitur Consulting
Ileana Ledet, GNO, Inc.

Legislative Advisors:

Kean Jones
Chance McNeely, Premier Policy Solutions, LLC
Andree Miller, Bold Strategies LLC

Louisiana Economic Recovery Task Force Phase III Report Task Force Work Groups

Task Force Work Groups:

- Group 1:** Ensuring Public Health and Safety at Work
- Group 2:** Promoting Jobs and Opportunity for Louisiana
- Group 3:** Supporting Diverse Industries across the Louisiana Economy to Grow and Prosper
- Group 4:** Removing Obstacles to Incentivize Job Creation and Economic Growth
- Group 5:** Encouraging Long-Term Economic Growth

Louisiana Economic Recovery Task Force Phase III Report

Introduction

In response to the COVID-19 pandemic and the current health and economic crisis facing our nation, Senate President Page Cortez and Speaker of the House Clay Schexnayder recognized a desperate need to help the thousands of businesses forced to close their doors, due to no fault of their own. As a result, the two leaders created the Louisiana Economic Recovery Task Force on April 17, 2020. They charged the group, composed of 62 business leaders from every corner of the state, with developing comprehensive policy, legislative, and regulatory recommendations to immediately re-start the Louisiana economy and invest in long-term recovery. They called for these recommendations to be made with consideration of the critical need to protect the health and safety of all Louisiana residents and workers.

The Task Force included leaders from every industry critical to Louisiana—the oil and gas industry, healthcare, restaurants, retail, banking, manufacturing, construction, and trucking. Within two short weeks, the president and speaker decided on a three-phase approach to develop practical and specific policy recommendations in the short term, and to lay the foundation for continued economic growth in the months and years to come.

As Louisiana continues to deal with the effects of the global health pandemic, we cannot be paralyzed by fear of the unknown. At a time when the only certainty is uncertainty, doing nothing is not an option. Everyone has been impacted by this virus. Businesses from every corner of the state have had to adjust their normal practices and adapt to a temporary new reality. However, it is the belief of the Task Force that these businesses should be provided with every tool possible to face the incredible challenges presented.

In the Phase I Report, the Task Force issued actionable recommendations that could be implemented through the remainder of the 2020 Regular Session to provide immediate relief to businesses and families. A major recommendation was to provide limited liability protections and tax relief to businesses that stepped up to provide assistance during the public health emergency, as well as to those that acted in good faith and followed best practices to safely reopen and protect their employees. With the support of the Task Force, Act 336 by Rep. Thomas Pressly, R-Shreveport, which tracked the Task Force's recommendations on liability, was enacted. Ten other legislative instruments recommended by the Task Force also successfully made it through the legislative process. Many of these instruments encouraged the Legislature to address the need for additional liability protections, tax relief, and other reforms that would eventually be considered in the 2020 First Extraordinary Session.

In the beginning of June, as the Legislature gavelled in for the special session, the LAERTask Force published its Phase II Report. The report included recommendations to provide direct financial assistance to small businesses, temporarily broaden certain tax incentives, simplify Louisiana's tax structure to encourage investment, invest in workforce training, and establish a coordinated campaign to re-attract tourism and major events to Louisiana.

Introduction (cont'd)

The Task Force supported 16 legislative instruments addressing these recommendations, with 14 enacted into law. One of those bills was the Civil Justice Reform Act of 2020, sponsored by Speaker Clay Schexnayder, which addresses Louisiana's sky-high insurance rates and overly litigious business climate. This law will positively impact the pocketbooks of families and businesses across the state and create a better and more predictable legal climate for business. Getting this bill signed into law, now Act 37, was a major feat. The expectation is that this will single handedly bring down insurance rates for both personal and commercial policy holders, bringing much-needed relief to consumers. Additionally, this will improve Louisiana's standing as a state in which businesses can feel confident investing.

In addition to legal reform, Sen. Brett Allain, R-Franklin, ushered through a one-year suspension of the franchise tax; Rep. John Stefanski, R-Crowley, passed a vendor's compensation bill that increases the amount vendors can keep of sales tax collected; Rep. Lance Harris, R-Alexandria, carried a bill that requires the Louisiana Department of Revenue to waive any late penalties and interest for taxpayers who could not file or pay on time because their health was impacted by COVID-19. Sen. Jimmy Harris, D-New Orleans, Rep. Thomas Pressly, and Mark Wright, R-Covington, all sponsored bills that expanded programs aimed at creating more opportunities and incentives for businesses to invest in and hire employees. Rep. Jerome "Zee" Zeringue, R- Houma, successfully passed a bill that ensures recipients of supplemental unemployment benefits are not faced with a large, unexpected tax burden. Sen. Bodi White, R-Baton Rouge, also sponsored a bill to reauthorize the Streamlining Government Commission, tasked with evaluating each state agency and making recommendations on ways to consolidate, prioritize, and privatize functions. The fruits of this commission will set the foundation for additional reforms aimed at creating a better, more efficient, and modernized state government. Additionally, Rep. Barbara Carpenter, D-Baton Rouge, and Sen. Mike Reese, R-Leesville, passed concurrent resolutions seeking to empower justice involved citizens to build a better, more inclusive workforce for Louisiana.

The success of the Task Force would not be possible without the thoughtful consideration and the legislative leadership of President Page Cortez, Speaker Clay Schexnayder, the 62 Task Force members, and the many legislators whose hard work, dedication, and diligence created small lifelines to help businesses survive. As we look ahead to the future, while still unclear, we remain optimistic that—with the help of these and future recommendations and reforms—our state will not only bounce back, but become a better, stronger Louisiana for years to come.

Louisiana Economic Recovery Task Force Phase III Report

Group 1: Ensuring Public Health and Safety at Work

Members

Scott Ballard, Ballard Brands, LLC; Ballard Hospitality, LLC

Jeff Drozda, Louisiana Association of Health Plans

David Ellis, Entergy New Orleans

Friday Ellis, Governor Property Group; Governors Cigar & Pipe

John Finan, Franciscan Missionaries of Our Lady Health System

Dr. Craig Greene, BROC Orthopedic Surgery, LA Public Service Commissioner District 2

Stan Harris, Louisiana Restaurant Association

Beverly Haydel, Sequitur Consulting

Quentin Messer, New Orleans Business Alliance

Pete November, Ochsner Health System

Dr. Catherine O'Neal, LSUHSC, Our Lady of the Lake

Allyson Pharr, Acadian Ambulance

Doug Shipley, Fairgrounds Race Course

Chair: Dr. Craig Greene

Special Advisor: Beverly Haydel

Recommendations

1. Invest in and support policies that expand access to care

- Enhance access to telehealth services
- Allow healthcare professionals at all levels to practice to the full extent of their training and scope of practice
- Reduce barriers and red tape for individuals seeking to enter the healthcare workforce

2. Support efforts to ensure Louisiana’s elderly population has access to high-quality care and supports in all appropriate settings

- Analyze the impact of COVID-19 on how at-risk populations such as older Louisianians want to access long-term care and supports
 - Conduct a financial impact study and/or pilot program for managed long-term care
-

Louisiana Economic Recovery Task Force Phase III Report

Group 1: Ensuring Public Health and Safety at Work

3. Analyze the medium and longer-term impacts of COVID-19 on educational attainment, mental health and overall well-being of Louisiana citizens

- Particular focus on K-12 students
 - Develop and fund targeted programs to address impacts
-

Louisiana Economic Recovery Task Force Phase III Report

Group 2: Promoting Jobs and Opportunity for Louisiana

Members

Dr. Stephen Barnes, Kathleen Blanco Public Policy Center/University of Louisiana at Lafayette
Tommy Faucheux, Dow
Cody Gielen, ShopRite/Tobacco Plus
Vic Lafont, South Louisiana Economic Council
Nannette Noland, The Powell Group
Deborah Randolph, Central Louisiana Chamber of Commerce
Eric Schouest, CLECO
Nathalie Simon, Laitram Manufacturing
George Swift, SWLA Economic Development Alliance/Chamber SWLA

Chair: Nathalie Simon

Special Advisor: Jim Bourgeois

Recommendations

Scope and Goals

Scope:

Resolve barriers to restarting the Louisiana economy and positioning Louisiana for long-term prosperity by investing in workforce and future economic growth, removing barriers, and increasing consumer confidence

Policy Goals:

- Healthy and prosperous workforce
 - Safe and efficient return to work for employers and employees
 - Flexibility to facilitate, cultivate, and unleash innovative solutions and job growth
 - Targeted, strategic alignment of workforce training needs with new covid-related market realities while capitalizing on potential growth opportunities
 - Clear, predictable, and transparent laws and regulations to retain, grow, and attract talent and business in a changing economic environment
-

Louisiana Economic Recovery Task Force Phase III Report

Group 2: Promoting Jobs and Opportunity for Louisiana

Workforce and Education

- **Support RESET’s Workforce Recommendations** – Support of the RESET platform on Higher Education / Workforce
 - **Remove barriers / obstacles to ensure more efficient use of state funds** – More deliberate effort by state agencies to share data within state government across departments
 - **Continue recent efforts in COVID-19 response in occupational forecasting and workforce training** – Recent legislation in the regular and special sessions has been positive on this front but need to ensure proactive analysis is a priority and produces actionable results
-

Workforce and Education

- **Additional funding for higher education and workforce training** – Need to identify additional funding to invest quickly to take advantage of emerging economic opportunities for Louisiana with changing supply lines and domestic production priorities
 - **Support efforts to expedite re-employment** – To support re-employment, recovery, long-term growth, and economic diversification, we must expand education and training while recognizing state budget environment
 - **Prioritize education / training to technical colleges and existing tech infrastructure**
-

Tourism

- **Louisiana tourism will need to be more innovative in adapting to new realities in response to COVID-19**
 - **Louisiana tourism needs to encourage safe air travel to all our cities to bring outside visitors to the state**
-

Economic Diversification

- **Leverage our historical strengths to support long-term growth** – This will include further development and modernizing of existing industries (e.g. energy and transportation) and investing in research and new industries that can commercialize and scale that work (e.g. technology and pharmaceuticals)
 - **Enable & Grow Entrepreneurship**
 - **Establish Louisiana-based equity options** – Capital Investment in the state cannot be limited to debt
 - **Make Louisiana a state of life-long learners** – the increasing pace of technological change has created a modern economy where workers must invest in developing new skills throughout a career across most career pathways
 - **Need for incentive flexibility**
-

Louisiana Economic Recovery Task Force Phase III Report Group 3: Supporting Diverse Industries Across the Louisiana Economy to Grow and Prosper

Members

Jim Bernhard, Bernhard Capital Partners
Chett Chiasson, Greater Lafourche Port Commission
Blake Chatelain, Red River Bank
Hank Danos, Danos
Lavelle Edmonson, Marathon Petroleum Company
Meryl Kennedy, Kennedy Rice Mill, LLC
Adam Knapp, Baton Rouge Area Chamber
Scott Martinez, North Louisiana Economic Partnership
Matt McKay, AllStar Automotive Group
Richard Neal, Golden Nugget Lake Charles
Dave Roberts, Excel
Ruffin Rodrigue, Ruffino's Restaurants and Catering
Stephen Waguespack, Louisiana Association of Business & Industry

Chair: Stephen Waguespack

Special Advisor: Ileana Ledet

Recommendations

Top Priorities for Phase III

- Legal reform
- Systemic Tax Structure Simplification
- Pension Reform
- Programs Incentivizing Investment

Louisiana Economic Recovery Task Force Phase III Report Group 3: Supporting Diverse Industries Across the Louisiana Economy to Grow and Prosper

Top Priorities for Phase III: Legal Reform

What:

Enact legal reform measures that discourage frivolous lawsuits and lead to lower costs

Why:

- Louisiana auto insurance rates among highest in nation, hurting Louisiana families
- Businesses suffering from high costs & frivolous lawsuits

How:

- Align Louisiana's legal system with that of other states (e.g. lower jury trial threshold, reform direct action)
-

Top Priorities for Phase III: Systemic Tax Structure Simplification

What:

Simplify tax system to make it fair and competitive

Why:

- Enhances ease of doing business
 - Results in more revenue
-

Louisiana Economic Recovery Task Force Phase III Report Group 3: Supporting Diverse Industries Across the Louisiana Economy to Grow and Prosper

Top Priorities for Phase III: Systemic Tax Structure Simplification

How:

- Uniform system of tax administration, collection and audit
 - Restructure, phase out, or eliminate corporate franchise tax
 - Lower sales tax rate by expanding tax base
 - Eliminate deduction for federal income taxes paid on individual/corporate income taxes, along with appropriate state tax rate reductions
 - Ensure Louisiana is collecting taxes on all LA source income from out-of-state residents/entities
 - Encourage non-filers to file and pay outstanding taxes (Amnesty Program)
 - Take all steps to ensure state is collecting taxes on internet sales
-

Top Priorities for Phase III: Pension Reform

What:

Enact reforms to state retirement system

Why:

Reduce costs to the state that are passed along to taxpayers; high costs hamper ability to adequately invest in critical areas (e.g. education, workforce)

How:

- Move to hybrid plan with defined benefits and contributions
 - Revise assumptions about investment returns
-

Louisiana Economic Recovery Task Force Phase III Report Group 3: Supporting Diverse Industries Across the Louisiana Economy to Grow and Prosper

Top Priorities for Phase III: Incentivize Investment

What:

Implement tools to jumpstart investment

Why:

Make Louisiana more attractive than competitors

How:

- Payment in Lieu of Taxes agreements (PILOTs) that give locals a mechanism to secure funding up front in return for exemptions down the road
 - Programs such as the Historic Tax Credit that have proven effective in incentivizing investment
-

Louisiana Economic Recovery Task Force Phase III Report Group 4: Removing Obstacles to Incentivize Job Creation and Economic Growth

Members

Greg Bowser, LCA/LCIA
Gifford Briggs, Louisiana Oil & Gas Association
Jeff Copeskey, Exxon Mobil
David Cresson, CCA Louisiana
Barker Dirmann, Ascension Chamber of Commerce
Bryan Hanks, Beta Land Services
Ray Lasseigne, TMR Exploration, Inc.
Chris Leopold, Chris Leopold Specialty Company, LLC
Jude Melville, B1Bank
Scott Poole, RoyOMartin
Chris Schouest, ITA Truck Sales & Service, LLC, Fairway Transport, LLC, Acadiana Waste Services, LLC,
Schilling Distributing Company, LLC
Dawn Starns, NFIB

Chair: Scott Poole

Special Advisor: Barker Dirmann

Recommendations

Civil Justice Reform

- Comprehensive civil justice reform that would include, but not be limited to:
 - Loser pay provisions
 - Limiting local government action in coastal lawsuits
 - Address legacy lawsuits
 - Judicial campaign contribution restrictions
- Create an organization similar to Texas' Texans for Lawsuit Reform (TLR), that is solely dedicated to improving Louisiana's litigation environment

Louisiana Economic Recovery Task Force Phase III Report Group 4: Removing Obstacles to Incentivize Job Creation and Economic Growth

Increase Access to Capital for Small Businesses

- **Assist small businesses in accessing capital by working with LED and OFI to:**
 - Develop an evolving resource guide that maps the relevant landscape of private funding sources and institutionalized investment vehicles locally available to existing and start-up small businesses including active “angel” funds.
 - Assess the current status of and recommend future proposals for state-chartered small business investment funds that receive funding, debt guarantees and/or preferential tax treatment.
-

Correct Policies and Regulations Inhibiting Recovery

- **Simplify Louisiana’s complicated tax structure through full tax reform focusing on:**
 - Reforming Inventory Tax
 - Centralized Sales Tax Collections
 - Adjustments to Severance Tax on Oil and Gas
 - Eliminate Tax on Manufacturing Inputs
 - Improving ITEP approval process
 - **Develop a statewide plan of action that will allow Louisiana’s economy to remain open in the wake of a future public health emergency**
-

Louisiana Economic Recovery Task Force

Phase III Report

Group 4: Removing Obstacles to Incentivize Job Creation and Economic Growth

Strengthen Louisiana's Workforce

- Implement a post-secondary education training program designed to redistribute our workforce to fill gaps created by the COVID-19 economic crisis.
 - Require licensing boards to grant occupational and professional licenses when certain requirements related to education, certification and experience are met.
-

Louisiana Economic Recovery Task Force Phase III Report Group 5: Encouraging Long-Term Economic Growth

Members

Stephanie Calhoun, CenturyLink
Maura Donahue, Donahue-Favret Contractors, Inc.
Art Favre, Performance Contractors, Inc.
Kelisha Garrett, New Orleans Regional Black Chamber of Commerce
Tyler Gray, LMOGA
Steven Grissom, The Newton Group
Michael Hecht, GNO, Inc.
Todd Murphy, Jefferson Chamber of Commerce
Art Price, Badger Oil
Dr. Loren C. Scott, Loren C. Scott & Associates, Inc., LSU
Craig Spohn, Cyber Innovation Center
Dennis Stine, Stine Lumber

Chair: Maura Donahue

Special Advisor: Camille Conaway

Recommendations

Tax and Fiscal Reforms

- Centralized sales tax collection and auditing
 - Simplified sales tax system with lower rates, an expanded base, and a unified structure
 - Simplified income tax system with lower rates and fewer deductions
 - Reduction or elimination of the franchise tax
 - Reform of the inventory tax and credit
 - Streamlined process for the Industrial Tax Exemption Program
-

Louisiana Economic Recovery Task Force Phase III Report Group 5: Encouraging Long-Term Economic Growth

Legal and Regulatory Improvements

- Comprehensive legal reform, including an end to local government's litigation against the oil and gas industry
- Streamlined deployment process for broadband to expand capacity and connectivity
- Elimination of occupational licensing mandates not required in most states
- Permanent relief from regulations waived during COVID-19 that do not jeopardize public health or safety, transparency or inclusion

Governmental Reforms

- Steps toward a Constitutional Convention, drawing upon the multi-year work of the Public Affairs Research Council for a framework of recommendations that include addressing state/local fiscal balance
- Modernization of legacy pension systems and civil service structures
- Re-creation of the Commission on Streamlining Government
- State and local budget transparency

Louisiana Economic Recovery Task Force Phase III Report Group 5: Encouraging Long-Term Economic Growth

A Modern Economy

- **Transformation of Louisiana’s educational systems to build a workforce ready for the knowledge-based economy**
 - K12 schools: Rigorous digital instruction, literacy interventions, expansions of school choice, and innovative funding models whereby “dollars follow the child”
 - Higher education: Creative financial support including economic development partnerships, new models of instruction in the physical and digital space, more support for students to improve outcomes, modernization in credentialing, and better alignment with K-12 schools and careers
-

A Modern Economy (cont.)

- Policies and incentives that move Louisiana toward a knowledge-based economy
 - Deliberate actions to build a more inclusive economy such as the adoption and expansion of small business purchasing policies, local first incentives, the participation of DBE/Hudson/veteran businesses on state-funded public infrastructure projects, mechanisms to improve access to capital for small businesses, and quick-pay policies for small and minority businesses
 - Investments in infrastructure, particularly large-scale projects and public-private partnerships
 - Positioning Louisiana to re-shore critical industries from overseas
-

Louisiana Economic Recovery Task Force Phase III Report Special Executive Summary & Conclusion

1. Public Health Impact

The COVID-19 pandemic has completely upended the traditional way that patients receive health care. Many physicians have converted in-person visits to telemedicine or “virtual” visits, and many health systems have deployed new, innovative technologies that minimize the need for patients to conduct in-person check-ins with their doctors. Additionally, COVID-19 has prompted an enormous lifting of regulations that in many cases would otherwise slow down or restrict access to care. These temporary changes to the way health care is delivered have also prompted discussions about opportunities for more permanent reforms aimed at eliminating barriers to accessing care, ensuring programs for our most vulnerable patients remain financially sustainable, and making targeted investments in programs that will address the longer-term impacts of COVID-19 such as mental health.

The Public Health and Safety at Work Group encourages the Louisiana Department of Health and the Legislature to work collaboratively, including with federal officials and lawmakers, to ensure that once the COVID-19 pandemic recedes, we continue to go forward, not backwards, in providing access to care. We also encourage the State to analyze the longer-term impacts that COVID-19 will have on those who have been disproportionately impacted by COVID, including the elderly, minorities and individuals on Medicaid. These impacts should not only include direct impacts on physical health, but also impacts on things like mental health, social development and educational attainment.

Expanded Access to Care

- Support the permanent expansion of telehealth opportunities and ensure that providers are reimbursed at levels that incentivize the use of telehealth.
- Allow healthcare professionals at all levels to practice to the full extent of their training and scope of practice.
- Work closely with Louisiana health systems, higher education institutions and high schools to support and fund healthcare workforce initiatives.

Care for the Elderly

- Support efforts to ensure that Louisiana’s elderly population has access to high-quality care and supports in all appropriate settings.
- Promote policies, models of care and environmental changes while allowing senior care services to be viable businesses that minimize the risk of COVID-19 transmission and ensuring that seniors continue to receive necessary services and supports.
- Conduct a comprehensive inventory of all senior care supports, including nursing homes, as well as home and community-based services, with a goal of ensuring that the options available are rightsized and accessible to fit the needs and preferences of our seniors.
- Complete a comprehensive study of Medicaid reimbursement models for long-term care services and report back to the Legislature prior to the 2021 Regular Session.
- Build upon work already being done through the PACE Program (Programs for All-Inclusive Care for the Elderly) to expand options for seniors to receive care at home. This work could include a pilot program for managed long-term care. Any plans to expand existing care-in-place programs or establish new programs should include a detailed analysis of potential costs and/or cost savings to the State, a thorough analysis of all potential impacts on the level and quality of care available to seniors, and robust input from all industry stakeholders, including Medicaid managed care organizations, and families.

Louisiana Economic Recovery Task Force Phase III Report Special Executive Summary & Conclusion

1. Public Health Impact (cont'd)

Long-Term Impacts

- Analyze the medium-term and longer-term impacts of COVID-19 on educational attainment, mental health and overall well-being of Louisiana citizens, with a particular focus on K-12 students. Louisiana Department of Education (LDOE) and the Louisiana Department of Health (LDH) should work collaboratively with each other and local stakeholders to analyze these impacts and develop targeted programs with associated funding to help address any negative impacts that are identified.

2. Tax and Fiscal Policy

Over the past several decades, there have been many efforts to study and simplify Louisiana's tax code. While experts have long agreed on many issues that need to be addressed within Louisiana's tax structure, legislative efforts have historically failed to pass. Putting aside the political challenges, the real effect of the current tax structure is that businesses looking to invest here have to jump through many hoops simply to determine what their tax burden will be. While there is no perfect system for taxation, we must acknowledge that our inability to succinctly inform a prospective business of the likely tax implications of doing business in our state is a major deterrent to growing and diversifying our economy. Such basic information is a prerequisite for many capital investments which more often than not takes Louisiana out of the running before there was even a short list.

With every state in the nation trying to salvage their economies and become the attractive place to do business, Louisiana remains hindered by its broken tax code. Decades have been spent lamenting over our inability to achieve our potential despite being blessed with so many natural resources. COVID-19 hit Louisiana especially hard because of the limited nature of our economy. If we can simplify our system of taxation, we can open the door to more diverse business interest in our state. We will then be in a much better position to capitalize on our State's natural disposition and reach our potential as an economic leader.

Louisiana's lawmakers are routinely called upon to address recurring fiscal cliffs and to call legislative special sessions to solve our state's budget problems. Residents and businesses have grown tired and are discouraged by Louisiana's overly burdensome tax system, which has hampered economic growth.

Louisiana's current tax system is one of the most complex in the country. This makes doing business in Louisiana burdensome, onerous, and costly. In order to make Louisiana more competitive there must be structural tax and budget reform. To realize the economic success that Louisiana has the potential for, there must be structural reform of the state's budget and spending processes to achieve greater fiscal flexibility that will allow lawmakers and state agencies to address priorities, while still protecting the state's long-term fiscal health.

While some of the recommendations that follow are not new concepts, Task Force Work Group members stressed that these measures take on an added urgency and importance in the current environment. Across industries, and across regions, there was broad agreement that simplifying Louisiana's tax code would be significant in helping sustain and grow businesses.

Louisiana Economic Recovery Task Force Phase III Report Special Executive Summary & Conclusion

2. Tax and Fiscal Policy (cont'd)

- **Utilize findings related to HR NO. 31 of the First 2020 Extraordinary Legislative Session to establish centralized sales tax collection and auditing.** The outlier status of Louisiana as it relates to sales tax collections is infamous nationwide. With this in mind, the legislature passed HR 31 to bring together stakeholders for the purpose of studying and making recommendations related to the creation of a centralized sales and use tax collection system. This transition is long overdue in Louisiana, and the legislature should consider the report submitted pursuant to HR 31 and act affirmatively in the 2021 Regular Legislative Session to move forward with the transition. This issue is particularly important as more sales shift online. A unified sales tax system must become the law and practice in Louisiana both for the benefit of small business owners but also to the revenue base of local governments. This Task Force considers HR 31 to be the final opportunity to study this issue, as the matter has been studied and recommended by experts countless times in recent years.
- **Reform the sales tax system to establish a more simple, unified, broader sales tax base with lower rates.** The numerous sizable exemptions and differentiations between the assessment of state and local sales tax is confusing and ultimately leads to a higher overall rate. Fewer exemptions, following the lead of other states to broaden the assessment, and alignment between what is taxable at the state and local level should lead to lowering one of the highest sales tax rates in the nation.
- **Simplify the income tax system with lower rates and fewer deductions.** Similar to the sales tax system, numerous experts have suggested that Louisiana could lower corporate and/or personal income tax rates if fewer deductions and exemptions were on the books. In particular, Louisiana's allowance for deductibility of federal income taxes links the state tax code to changes in the federal code, injecting unpredictability into this major revenue source for the state. Simplifying the code and lowering the rates would benefit households and businesses alike.
- **Make permanent reforms that reduce, narrow, or eliminate the franchise tax.** Act 15 of the First Extraordinary Session of 2020 enacted franchise tax relief for small businesses in Louisiana and was a step in the right direction. The fact is, only a handful of states continue to impose this "pay-to-play" tax. Assessed without regard to profitability, the franchise tax is being phased out across the country and is widely viewed by tax experts as poor policy. Prior to Act 15, Louisiana has trended in the opposite direction in recent years, expanding the uncompetitive tax to LLCs and smaller companies. It's time to build on Act 15 and make permanent reforms that reduce, narrow or eliminate the franchise tax.
- **Reform both the inventory tax and credit.** For many years, much has been written and recommended with regard to reforming the inventory tax and credit. Fewer than a dozen states maintain an inventory tax because it penalizes growth. Further, Louisiana's complicated system of state reimbursement for a local tax remains unique in the nation. Local governments should be empowered to raise revenue, while the state phases out both the uncompetitive tax and the associated state credit.
- **Suspend, reduce, or reform the telecommunications ad valorem tax** to simplify and streamline collections in an industry that is critical to COVID-19 recovery. This uncompetitive tax must be addressed in tandem with the inventory tax.

Louisiana Economic Recovery Task Force Phase III Report Special Executive Summary & Conclusion

2. Tax and Fiscal Policy (cont'd)

- **Streamline the process to qualify for the Industrial Tax Exemption Program (ITEP).** After numerous changes in recent years of the ITEP program, this program has become so complex and burdensome that new programs have been introduced such as the Payment in Lieu of Taxes (PILOT) program. ITEP was one of the most important tools in the state's economic development program, however it is challenged by various layers of review and approval that require companies to engage with at least three local governments entities then two more steps at the state level. To be effective in attracting large-scale projects and high-paying manufacturing jobs, further simplification is necessary.
- **Reduce the severance tax rate** to a rate that is more competitive with our neighboring states. Louisiana is an outlier in regard to the oil and gas industry, one of the premier industries in the state. One by value and one by volume. The oil and gas industry has been hit with both the COVID-19 crisis and a simultaneous collapse in global oil prices. Providing relief and seeking industry competitiveness has never been more important.
- **Clarify the use of the digital media tax credit** and expand applicability beyond products (i.e. gaming). A simplified digital media program focused on meaningful, emerging trends in IT will yield long-term benefits to the state, universities, and the workforce.

3. Legal and Regulatory Structure

If Louisiana wants to make significant and sustainable improvements to our business environment, it will require fundamental structural changes to our current legal and regulatory systems. The following recommendations target challenges that present hurdles to residents and businesses alike, from lack of internet connectivity to cumbersome licensing requirements to a legal system that results in Louisiana's auto insurance rates routinely ranking amongst the highest in the nation due to a reinforcing combination of high claims and lawsuits. Each of these issues not only hurts businesses, but presents barriers for individuals seeking to attain a better quality of life.

- **Build on success of Act 16 to continue streamlining the deployment process for broadband to expand capacity and connectivity in the short and long term.** Act 16 of the 2020 First Extraordinary Session made major strides in working to facilitate the expansion of broadband service across the state. COVID-19 has demonstrated very clearly the need for additional access to high-speed Internet as remote learning and work are expected to continue intermittently into the future. This utility is essential to the economic vitality of and livelihoods of rural Louisiana. We must monitor the implementation and success of Act 16 and take additional steps to expand broadband access as quickly as possible.

Louisiana Economic Recovery Task Force Phase III Report Special Executive Summary & Conclusion

3. Legal and Regulatory Structure (cont'd)

- **Closely monitor the effects and implementation of the comprehensive legal reforms enacted through Act 37 and pursue modifications as needed.** For the first time in decades, the Louisiana Legislature came together in a strong bi-partisan manner to pass robust legal reforms. This outcome from the First Extraordinary Session of 2020 is among the greatest legislative achievements Louisiana has seen in decades. We must be diligent in maintaining and expanding these reforms where necessary. For far too long, Louisiana's laws have been crafted to incentivize personal injury lawsuits. Prior to Act 37, Louisiana was home to some of the most pro-litigation polices in the nation. Of particular note, the threshold for a civil jury trial and direct action against insurance companies are just two examples of the state's severe outlier status. The disproportionately high rate of bodily injury claims has resulted in an auto insurance crisis with the highest personal rates in the country and only a handful of commercial companies remaining in the state to write policies at all. A comprehensive overhaul of legal processes to align with other states, including evidence of medical costs, is a critical step to stabilizing the auto insurance market and bringing fairness back to the Louisiana legal system.
- **Enact industry-specific legal reform as necessary.** Opportunistic litigation will always occur and our public officials must continually work to protect businesses against new tactics and efforts to pursue frivolous lawsuits. The most egregious and timely example of the need for industry-specific legal reform is the coastal lawsuits against the oil and gas industry. In this instance, litigation by local governments allege harm related to lawfully permitted business activities from decades ago. This type of industry-specific and retroactive targeting must be stopped. Actions like these send a clear message to the industry that they are not welcome in Louisiana.
- **Eliminate unnecessary occupational licensing requirements that serve as an obstacle to jobs and entrepreneurship.** It is a well-documented fact that Louisiana requires a license for numerous jobs when other states do not. Furthermore, training requirements and licensing fees tend to be rigorous and costly. Arbitrary obstacles to establishing a business or offering a service should be removed when not necessary for public health or safety, particularly in the difficult economy we now face.
- **Consider permanent changes to those regulations waived during COVID-19 that do not jeopardize public health and safety or transparency, ethics, and inclusion.** Nationwide, a combination of federal, state, and local regulations on all forms of commercial activity have been routinely waived during the state of emergency. If unnecessary for many months of the emergency, these rules seem prime for a review to determine whether or not there is a permanent use for such regulations or if red tape can be reduced, especially for small businesses.

Louisiana Economic Recovery Task Force Phase III Report Special Executive Summary & Conclusion

4. Governmental Reform

Just as every business in Louisiana is being forced to review and evaluate its activities in an effort to survive, so must the state government. From budget and tax reform to the day to day operations of state agencies, everything must be on the table. As revenue estimates continue to evolve, it is very clear that many government revenue streams will be negatively impacted by the economic downturn of the State. Moreover, the manner in which unemployment benefits are funded must be closely monitored and evaluated as to not place additional financial burdens on employers. Both the legislature and executive branch must be both willing and eager to embrace change during these uncertain, changing times. The systemic issues that plague the budgeting and revenue processes and the policies that limit efficiency and effectiveness within state government must be overcome.

- **Take steps toward a constitutional convention** to undertake tax and budget reform and simplifications that would move numerous items into statutes. Leaders should draw upon the recommendations of the forthcoming well-vetted report from the Public Affairs Research Council, developed with diverse stakeholders and subject-matter experts over the past several years. The convention should largely focus on fiscal policy and consider pairing a reduction in either state sales or income tax and simultaneously the local reliance on this state revenue with additional authority for local governments to raise revenue to control their own finances.
- **Reform legacy pension systems to both stabilize the cost to taxpayers and attract a modern workforce.** The Unfunded Accrued Liability – the difference between what is promised to retirees and what is funded in the retirement system – continues to grow annually. Generous commitments now consume an ever-larger share of both state and local budgets, particularly in the school systems. These mandatory costs must be paid for current workers, yet a new system should be created going forward that is more attractive to a mobile, younger workforce and also more cost effective and sustainable to the state.
- **Modernize the civil service to attract talent.** While offering protections from political interference, an archaic civil service system can also appear overly rigid and bureaucratic to a younger workforce that is more likely to enter and exit state government throughout their careers. Similar to the pension systems, leaders should look to model best practices in other states to modernize the civil service.
- **Utilize the Re-created Commission on Streamlining Government to develop bold, impactful reforms.** More than ten years ago, many months of deliberations by this ad hoc Commission led to a variety of changes to processes, consolidations of activities across agencies, and outsourcing of services with the goal of budgetary savings. Given the likelihood of a prolonged economic recession and reduced tax revenues, the spending side of the state budget cannot be overlooked. Act 24 of the First Extraordinary Session of 2020 re-created this commission, revising its purpose and charge in the wake of the COVID-19 pandemic. Just as businesses must reevaluate their operations during these trying times, so much government.

Louisiana Economic Recovery Task Force Phase III Report Special Executive Summary & Conclusion

4. Governmental Reform

- **Enhance Accountability and Transparency of State Government.** With modern technology, there are many opportunities for state and local governments to make available information about operations and spending. Government should be striving on a continual basis to enhance its efforts to produce reliable, consumable information to the public about its activities. One example of the type of efforts that should be pursued is the completion and implementation of Louisiana Checkbook, along with its expansion to all local government entities. State law required the creation of Louisiana Checkbook, and implementation is gradually underway for state agencies and entities. However, there are few to no requirements at the local level. In many cases, it is very difficult for the public to review budgets or spending of parish governments, the district and city courts, and for school districts. The state Checkbook should be completed with all due speed, then extend to local budgets – many which receive significant state funding.
- **Maintain Solvency of Unemployment Insurance Trust Fund Without Increasing Tax Burdens on Job Creators.** Unemployment rates have skyrocketed across the State due to the COVID-19 pandemic's shuttering of the economy. The result has been a tremendous number of claimants for unemployment benefits, which has created an unprecedented strain on the Unemployment Insurance Trust Fund. It is very important that the trust fund remain solvent to help support the unemployed. It is, however, crucial that struggling businesses - our state's job creators - not be hit with a tax increase during these trying times. Keeping businesses open so that our economy can rebound and begin employing more of our citizens must be the overarching goal of the state's public policy efforts. The correct way to make the Unemployment Insurance Trust Fund solvent is to have our State's economy recover and grow.

5. The Modern Economy

The future of Louisiana's economy has never been more uncertain. There is, however, great opportunity in these trying times if our leaders are willing to take bold action to position Louisiana for a robust economic comeback. Louisiana's citizens have lived through decades of reactive leadership. We have the ability right now to be proactive in positioning ourselves to achieve the bright future that has always been outside our grasp. As previous generations overcame the great hardships by embracing the changes that needed to be made for a brighter future, we can do the same as we endure the greatest hardship of our time.

The first half of 2020 delivered significant blows to the Louisiana economy, with record low oil prices compounded by the onset of the coronavirus. The resulting shutdowns of businesses led to job losses statewide numbering in the hundreds of thousands, and counting. While the extent of the impact of the coronavirus on the global economy is yet to be determined, we know that the decisions we make today can serve to benefit our economy of the future. As companies look to bring their manufacturing operations stateside, there will be opportunities for more high-paying jobs across the state. With strengths ranging from geography and logistics, to having existing and established industries, Louisiana is well-positioned for reshoring of manufacturing. Now is the time to invest significantly in infrastructure to further support the growth of the logistics sector.

Louisiana also has a unique opportunity to work towards diversifying the economy, by bringing technology jobs back from abroad. Our state can further enhance various sectors, including tech and healthcare, by supporting and investing in a workforce that has the skills and knowledge to take on the jobs of tomorrow. By identifying and targeting the needs of the modern economy, we can best position Louisiana to attract the jobs and provide the better quality of life our residents deserve.

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5. The Modern Economy (cont'd)

- **Establish a coordinated effort to position Louisiana to help onshore critical industries from overseas** – particularly pharma, technology, cyber, manufacturing, and other national security interests – that may include a targeted “reshoring incentive” based on payroll brought back to Louisiana. During the COVID-19 emergency, it was clear that America needs its own supply lines for critical products during times of emergencies. Some regional and local efforts are already underway to produce products closer to home. The state should make it a top-tier economic development priority to attract global investment as this re-shoring trend takes shape.
- **Invest in infrastructure, particularly large-scale projects and public-private partnerships (PPPs).** Louisiana’s roads and bridges consistently rate among the worst in the nation. The buying power of the state’s gas tax is greatly diminished over time, and the state’s lack of significant investment positions Louisiana to scramble each year to match federal funds for its status quo construction program. Moreover, Louisiana is not positioned to take advantage of any new federal funds for transportation that may come available in the wake of COVID-19. Leaders must work together to determine a sustainable source of investment for our critical assets, especially during this economic downturn when a construction stimulus could both put people to work and re-build our vital infrastructure.
- **Pursue deliberate actions to build a more inclusive economy:**
 - Require state-funded agencies and boards to adopt the existing small business purchasing policy and expand to a local first incentive program.
 - Expand the Small Business Program to include a purchasing program that encourages the use and purchase of goods/services from businesses domiciled in Louisiana.
 - Encourage the participation of small, local, certified DBE/Hudson/veteran businesses on state-funded public infrastructure projects.
 - Partner with community banks for Letters of Intent or contract award for small businesses to obtain capital.
 - Establish a quick-pay policy for small and minority businesses.
- **Pursue policies and incentives to move toward a more diverse economy that is less cyclical and more knowledge-based,** including “smart incentives” such as the investment in higher education to support tech growth. It is time for Louisiana to broaden beyond our traditional industries and into new areas of work in fields that are growing globally. The state must attract and develop both a skilled workforce and the employers that offer jobs in these fields.
- **Coordinate economic development with workforce development,** particularly in higher education, to upskill and transition workers into high-demand jobs and to support and align academic programs to meet the needs of industries Louisiana seeks to grow and attract.
- **Transform Louisiana’s educational systems to build a workforce that is ready for the knowledge-based economy.** There was significant discussion and consensus on the importance of strengthening public education from early childhood through adults in the workplace. The Task Force believes that bold, innovative policies should be sought across this spectrum to prepare Louisiana for the future of work and a more diverse economy.

6. Education Reform

The effects of COVID-19 on our state's public education system and the young people it serves are vast. Striking the right balance between the obligations related to both public health and public education is an unprecedented challenge. The ability to exercise flexibility and innovation is crucial as public education administrators navigate the future. While many positive reforms to the state's elementary and secondary education system were made over the past decade or so, it is crucial that these achievements not be undone as we navigate this public health crisis. We must also not lose sight of the value gained through early childhood education and the associated lifelong benefits. Finally, we must do more to make sure that our youth enter the workforce prepared for employment within the modern, ever changing economy.

Early Childhood Education

- Expand access to safe, high-quality childcare at the earliest possible time during economic restart.
- Incorporate family childcare providers into the early childcare and education network.

K-12 Schools

- Leverage the CARES Act Emergency and Secondary School Education funds (local) with the Governor's Emergency Education Relief Fund (state) to maximize impactful education investments.
- Require local school districts to prepare and implement high-quality distance learning and digital instruction. Require routine, daily communication between teachers/counselors and students as a component of the instruction. Ensure a diagnostic tool is utilized at the outset of the 2020-2021 school year to better understand and address learning loss during the COVID-19 emergency.
- Maintain K-12 accountability standards – with modifications only in the short term to accommodate curriculum changes during the COVID-19 emergency.
- Change the funding formula for state support of K-12 schools to authorize “dollars follow the child” to attend any accredited school of their choice.
- Seek to replicate the Mississippi model for early literacy instruction. In addition, through legislation or BESE rulemaking, consider establishing a Reading Assistance Program providing students a stipend for tutoring.
- Encourage BESE to expedite the Type 2 charter school approval process, making it more efficient while maintaining transparency and accountability.
- Improve the Louisiana Tuition Donation Credit program with a “once in, always in” rule for students.
- Update the virtual charter school laws to open the doors to new opportunities such as micro-schools and virtual homeschool cooperatives.

Louisiana Economic Recovery Task Force Phase III Report Special Executive Summary & Conclusion

6. Education Reform (cont'd)

Higher Education

- Transform the traditional models of higher education to improve educational attainment levels by better meeting the needs of students and the demands of the modern workforce, including the physical and digital space, financial aid and public funding, credentialing, student support, and improved alignment with K-12 schools and careers.
- Develop a regional approach for economic development in partnership with higher education and school systems to develop workforce solutions that attract and build knowledge-based jobs.
- Adopt and deploy the cyber-based education curriculum developed by the Cyber Innovation Center in use around the country.
- Create the Louisiana Tutoring Corps based on the Tennessee model, providing paid internships to qualified college students as summertime tutors to K-6 students.

Louisiana Economic Recovery Task Force Phase III Report Special Executive Summary & Conclusion

Conclusion

Based on further discussions with the LAER Task Force members, we felt that all of the long term recommendations by the five work groups fell into six broad categories:

1. Public Health Impact
2. Tax and Fiscal Policy
3. Legal and Regulatory Structure
4. Governmental Reforms
5. The Modern Economy
6. Education Reform

As we turn the page on 2020 and look ahead to the 2021 Regular Legislative Session, our hope is that these recommendations will be a guide for lawmakers as they consider new legislation to support Louisiana's health and economic recovery. These six areas of reform are essential in ensuring that, in a post COVID-19 world, Louisiana will be competitive with the rest of the country.

Louisiana Economic Recovery Task Force Phase III Report Appendix

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Phase I

2020 Regular Session

Work Group	Bill/Resolution	Author	Description
Supporting Diverse Industries	HCR 66	Rep. Bishop	Suspension or elimination of the Franchise Tax
Public Health & Safety	HCR 70	Speaker Schexnayder	Expresses support for the State and Municipal Aid for Recovery and Transition (SMART) Fund, proposed for the purpose of helping states and local governments respond to the current public health and economic crisis
Public Health & Safety	HCR 71	Speaker Schexnayder	Authorizes and directs suspension of licensing fees imposed on businesses by state agencies and licensing boards
Public Health & Safety	HCR 73	Speaker Schexnayder	Requests an update from the Louisiana Department of Health and the division of administration on efforts to establish an application or system to track the incidence and spread of COVID-19

Phase I

2020 Regular Session

Work Group	Bill/Resolution	Author	Description
Supporting Diverse Industries	HCR 74	Speaker Schexnayder	Requests that CARES Act funding be made available to the state for testing and be distributed to healthcare systems
Promoting Jobs & Opportunities	HCR 75	Speaker Schexnayder	Request Workforce Investment Council to work with private sector businesses to create job opportunities resulting from COVID-19 furloughs.
Supporting Diverse Industries	HCR 76	Rep. Wright	Urges and requests that any proclamation convening an extraordinary session of the legislature in 2020 include changes to the carryback provisions of the corporate income tax deduction for net operating losses
Promoting Jobs & Opportunities	HCR 77	Speaker Schexnayder	Urges and requests removal of public and private sector barriers to accelerate the expansion of broadband in the state

Phase I

2020 Regular Session

Work Group	Bill/Resolution	Author	Description
Promoting Jobs & Opportunities	HCR 78	Speaker Schexnayder	Provides relative to Louisiana broadband maps to identify access and activation gaps
Supporting Diverse Industries	HCR 79	Rep. Bishop	Urges and requests that any proclamation convening an extraordinary session of the legislature in 2020 include changes to eligibility requirements to participate in the Enterprise Zone incentive
Supporting Diverse Industries	HCR 80	Speaker Schexnayder	Requests the Louisiana Workforce Commission to provide clear and consistent explanations of unemployment benefits.

Phase I

2020 Regular Session

Work Group	Bill/Resolution	Author	Description
Removing Obstacles to Incentivize Job Creations and Economic Growth	Act 336	Rep. Pressly	Limits the liability on businesses related to COVID-19 lawsuits.
Supporting Diverse Industries	HB 846	Rep. Wright	Establishes a Payroll Incentive Program rebate for COVID-19-impacted businesses

Phase II

2020 First Extraordinary Session

Item No. 15 – Workforce Development

To legislate with regard to the Louisiana Workforce Investment Council and Workforce Training.

SCR 11	Sen. Mike Reese	Requests certain state agencies and private businesses in Louisiana to recognize the value that justice-involved persons can bring to the workforce and society and to act with intention to empower, train, and employ such individuals.
HCR 12	Rep. Ray Garofalo	Directs the Louisiana Workforce Commission and the Board of Regents to study and submit a report to the legislature relative to funding and programs for workforce development
HCR 17	Rep. Barbara Carpenter	Requests certain state agencies and private businesses to recognize the value that justice-involved persons bring to the workforce and society, and to act with the intention to empower, train, and employ such individuals

Phase II

2020 First Extraordinary Session

Item No. 16 – Corporate Franchise Tax

To legislate with regard to the suspension of the corporation franchise tax.

[Act 15](#)

Sen. Brett Allain

Provides for the suspension of the corporation franchise tax and initial corporation franchise tax for small business corporations.

Phase II

2020 First Extraordinary Session

Item No. 18 – Incentivizing Job Growth

To legislate with regard to eligibility requirements for Enterprise Zone Incentives, Quality Jobs Program and the Competitive Projects Payroll Incentive Program.

Act 28	Rep. Mark Wright	Authorizes certain retail businesses to participate in the Enterprise Zone incentive.
Act 29	Rep. Thomas Pressly	Extends eligibility requirements for certain industries to participate in the Quality Jobs Program.
Act 23	Sen. Sharon Hewitt	Provides for an extension of the application deadline for the Quality Jobs Program.

Phase II

2020 First Extraordinary Session

Item No. 19 – Economic Development

To legislate with regard to eligibility for Rehabilitation for Historic Structures Tax Credit, Louisiana New Markets Jobs Tax Credit, Angel Investor Tax Credit Program, Cane River Heritage Tax Credit, Research and Development Tax Credit and the Digital Interactive Media and Software Tax Credit.

[Act 22](#)

Sen. Jimmy Harris

Provides for eligibility for the Angel Investor Tax Credit for investments made in federal opportunity zones.

Phase II

2020 First Extraordinary Session

Item No. 27 – Centralized Sales Tax

To legislate with regard to the administration and collection of sales taxes.

[HR 31](#)

Speaker Clay
Schexnayder

Requests study of centralized sales and use tax collection system in the state

Phase II

2020 First Extraordinary Session



Item No. 29 – Tax Filing Relief

To legislate with regard to the extension of filing all state and local tax returns and penalties and interest thereto for persons and businesses due to a gubernatorially declared public health emergency.

[Act 31](#)

Rep. Lance Harris

Requires the Department of Revenue to waive penalties and interest for certain taxpayers for tax years 2019 and 2020

Phase II

2020 First Extraordinary Session

Item No. 30 – Vendors Compensation

To legislate with regard to the collection of sales tax by dealers and vendor's compensation.

[Act 27](#)

Rep. John
Stefanski

Provides for the amount of compensation persons required to collect state sales and use tax may deduct for remitting taxes.

Phase II

2020 First Extraordinary Session

Item No. 32 – Unemployment Compensation

To legislate with regard to the collection of withholding taxes from unemployment benefits.

[Act 33](#)

Rep. Jerome
Zeringue

Provides for state income tax withholdings on unemployment compensation benefits.

Phase II

2020 First Extraordinary Session

Item No. 33 – Streamlining Government

To legislate with regard to the creation of a Streamlining Government Commission and to provide for its authority, duties, and powers.

[Act 24](#)

Sen. Bodi White

Provides relative to the Commission on Streamlining Government

Phase II

2020 First Extraordinary Session

Item No. 40 – Tort Reform

To legislate with regard to civil liability and motor vehicle liability coverage, general prescriptive periods for delictual actions, collateral source, prescription, jury trials, jury trial thresholds, direct actions against insurers, evidence regarding seat belts, annual rate filings by the commissioner of insurance and mandatory rate reductions.

[Act 37](#)

Speaker Clay
Schexnayder

Enacts the Civil Justice Reform Act of 2020

Phase II

2020 First Extraordinary Session – Fiscal Note

Instrument	Author	Title	FY20-21 Fiscal Note
Act 27	Rep. John Stefanski	Provides for the amount of compensation persons required to collect state sales and use tax may deduct for remitting taxes.	\$2.1M
Act 28	Rep. Mark Wright	Authorizes certain retail businesses to participate in the Enterprise Zone incentive.	\$0
Act 29	Rep. Thomas Pressly	Extends eligibility requirements for certain industries to participate in the Quality Jobs Program.	\$400,000
Act 15	Sen. Brett Allain	Provides for the suspension of the corporation franchise tax and initial corporation franchise tax for small business corporations.	\$7.1M
Act 22	Sen. Jimmy Harris	Provides for eligibility for the Angel Investor Tax Credit for investments made in federal opportunity zones.	\$533,000

Total House Bill Fiscal Cost = \$2.5M
Total Senate Bill Fiscal Cost = \$7.6M
Total LAER Package Total = \$10.1M

LOUISIANA

ECONOMIC RECOVERY

TASKFORCE

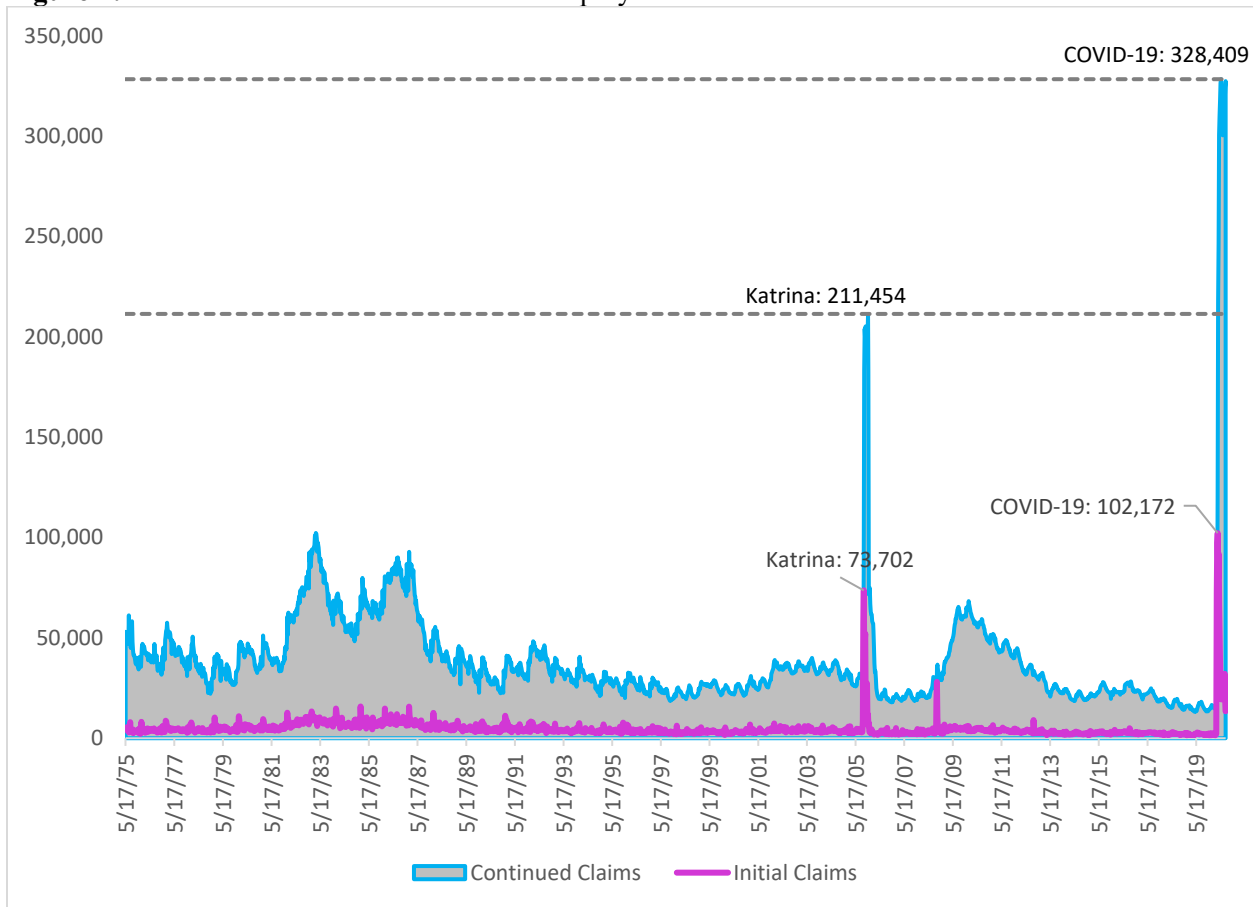
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Louisiana Unemployment Overview during COVID-19

While economic data are generally released with some delay to allow for data processing, quality control, and calculation of official statistics, unemployment insurance claims have provided the clearest and nearly real time picture of how the pandemic has hit the Louisiana economy. The figure below shows total statewide initial unemployment claims and continued claims. Initial claims reflect the number of newly unemployed individuals who have filed a claim for the first time while continued claims capture the number of previously employed individuals whose claims have been validated and are receiving unemployment benefits. The quick and rapid economic slowdown led to an unprecedented spike in unemployment with initial claims peaking at more than 102,000 claims in early April shortly after the initial stay at home order and far surpassing the prior record for claims in a single week of 73,702 following Hurricane Katrina. As with other economic downturns in state history, bursts of higher initial claims translate over time into a pattern of elevated continued claims, which can last for months such as the slowdown following Hurricane Katrina or years as seen more recently in and after the Great Recession.

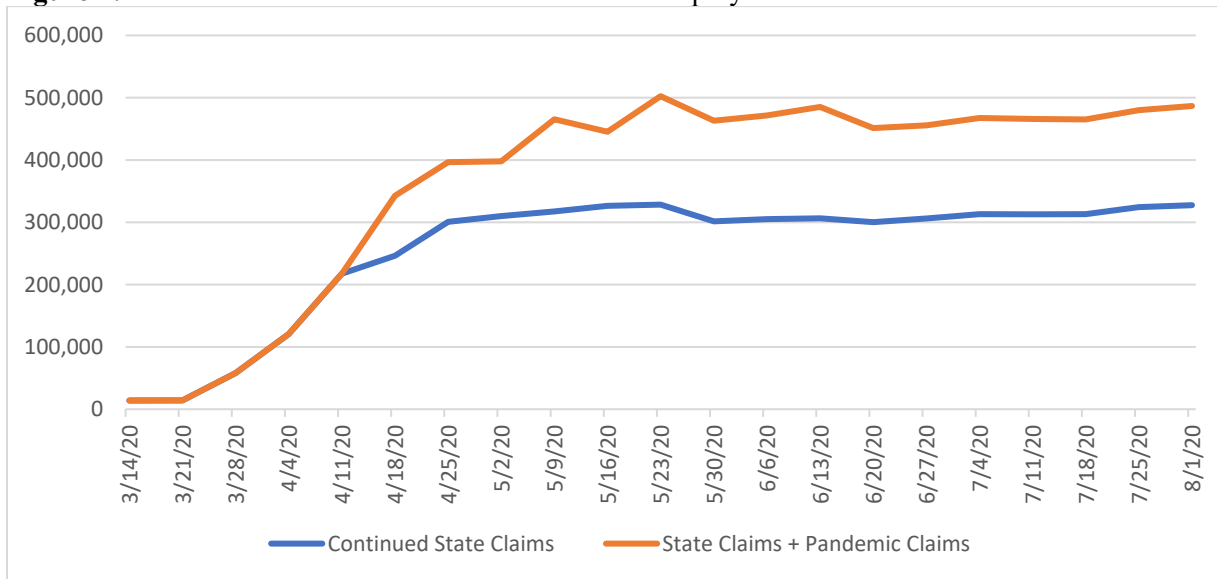
Figure 1: Louisiana Initial and Continued Unemployment Claims



In addition to the state's regular unemployment program, which covers the vast majority of those working for an employer, the CARES Act gave states the option to create a new program to provide support for workers previously ineligible for unemployment benefits. Louisiana established this new Pandemic Unemployment Assistance (PUA) program for Louisiana in April and began paying benefits on April 18. This additional unemployment support has provided benefits to independent contractors and other workers who are ordinarily ineligible for unemployment benefits. The figure below shows continued

claims under the state’s regular unemployment program since the start of the pandemic as well as the total claims paid including pandemic claims. Continuing pandemic claims grew from close to 100,000 individuals on April 18 to a peak of nearly 179,000 on June 13. As of August 1, 2020, 159,299 continued claims were processed leading to a total of nearly 490,000 total continued claims including the regular state program.

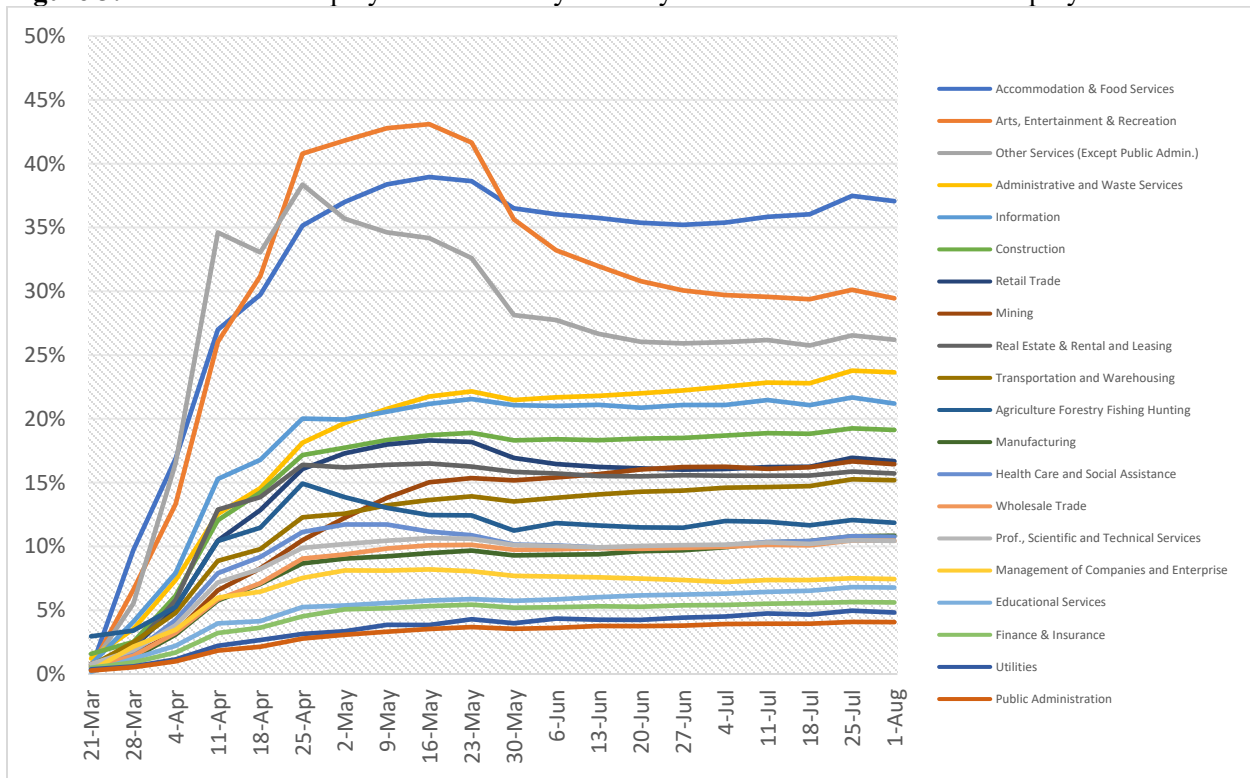
Figure 2: Louisiana Continued State and Pandemic Unemployment Claims



Taking a closer look at the weeks since the pandemic hit, the next two figures present unemployment trends by industry and region of the state from the state’s regular program with a focus on the percent of pre-COVID employment affected.¹ The numbers in these two figures track the continued claims each month divided by 2018 annual employment from the Quarterly Census of Employment and Wages, which provides the most recent annual baseline available for pre-COVID employment. The unemployment data by industry show clearly how severely Accommodation & Food Services and Arts, Entertainment & Recreation were impacted by the pandemic. These industries include hotels, restaurants and employment associated with large events. In addition, the Other Services sector includes personal care services (barber shops, beauty salons and nail salons), religious organizations, and a range of repair services. In addition to mandated closures, which had a quick and large effect on slowing economic activity, many residents concerned about the pandemic opted to delay repairs or services to reduce public interactions and lower health risks.

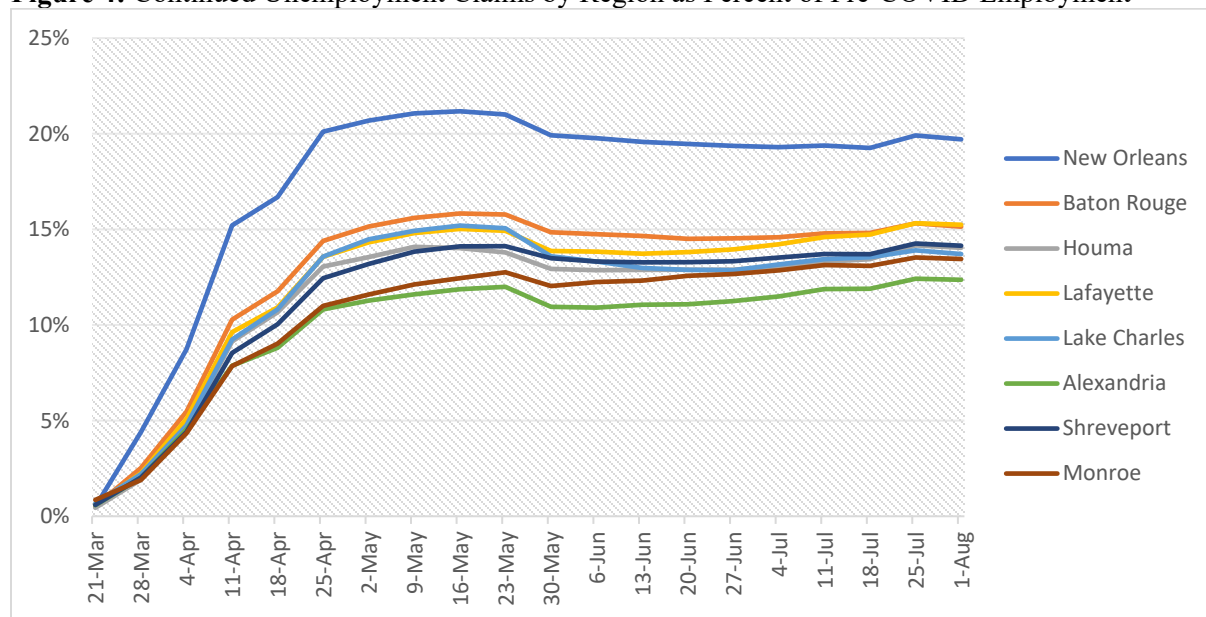
¹ Data on industry and region (or parish) are not available for PUA claims.

Figure 3: Continued Unemployment Claims by Industry as Percent of Pre-COVID Employment



Looking at unemployment by geography, it is clear that New Orleans was hit hardest with most other parts of the state experiencing similar patterns over time. New Orleans was an early hotspot for infections and public health concerns, but the high and sustained unemployment are also heavily influenced by the region's concentration of employment in the hardest hit sectors tied to tourism, which remains well below historic norms. In mid-May, as Louisiana moved to Phase 1 of reopening, some workers were able to return to work and unemployment claims began to fall. Employment in Arts, Entertainment & Recreation and Other Services continued to improve through June as the state moved into Phase 2. However, the recovery plateaued as businesses operated at partial capacity and consumers facing economic hardship or uncertainty on top of public health concerns have not yet fully returned to pre-COVID spending patterns. As the pandemic wears on the state's economy, businesses continue to reassess their ability to operate profitably, which has led to additional closures and layoffs in more recent weeks and an uptick in unemployment.

Figure 4: Continued Unemployment Claims by Region as Percent of Pre-COVID Employment



FISCAL OVERVIEW

The economic slowdown caused by the pandemic has also led to a dramatically lower outlook for Louisiana state revenues. Prior to the onset of the pandemic, the Revenue Estimating Conference forecasts (adopted in April 2019) anticipated total taxes, licenses and fees of \$12.4b in Fiscal Year 2020 and nearly \$12.6b in Fiscal Year 2021. While no updated forecasts were adopted, strong tax receipts in the early part of Fiscal Year 2020 led the Legislative Fiscal Office to recommend increasing the Fiscal Year 2020 forecast by \$175m and a more modest increase for Fiscal Year 2021 of \$30m. Failing to adopt a higher forecast turned out to be fortuitous when the revenue outlook fell dramatically following the onset of the pandemic. Not only did the general economic slowdown suggest that tax revenues could be broadly expected to decline with sales tax, and gaming revenues most acutely affected by business closures, but the widespread shift to less public activity globally led to a historic decline in demand for gasoline and resulting drop in oil prices. The lower oil price outlook translates directly to reduced royalties and severance taxes and worsened the outlook for near-term development of new oil and gas resources.

Based on early economic data documenting the dramatic slowdown that had taken hold beginning in March, the Revenue Estimating Conference met again on May 11 and lowered the forecast of taxes, licenses and fees for Fiscal Year 2020 by \$90m (a smaller reduction than many had expected because of the strong collections early in the year that had never been fully accounted for in the baseline forecast) and lowered the outlook for Fiscal Year 2021 by more than \$1b. Despite the dramatic reduction in revenues, the state was able to develop a budget for Fiscal Year 2021 with relatively small reductions in planned expenditures due to a combination of one-time money provided to Louisiana through the CARES Act, cost savings from enhanced federal funding for the state's Medicaid program and funds from the state's budget stabilization fund. However, the outlook for revenues in Fiscal Year 2021 remains uncertain and the economic recovery may become more prolonged generating a longer period of suppressed revenues and potential fiscal challenges for the state. Given the state's fiscal outlook, it is critical that the state continues to advance policies and programs that can help support businesses and the public and stimulate an accelerated recovery with a careful eye toward maximizing the benefits relative to costs for new policies.

United States COVID-19 Cases and Deaths by State

Report to the CDC since January 21, 2020

Total Cases

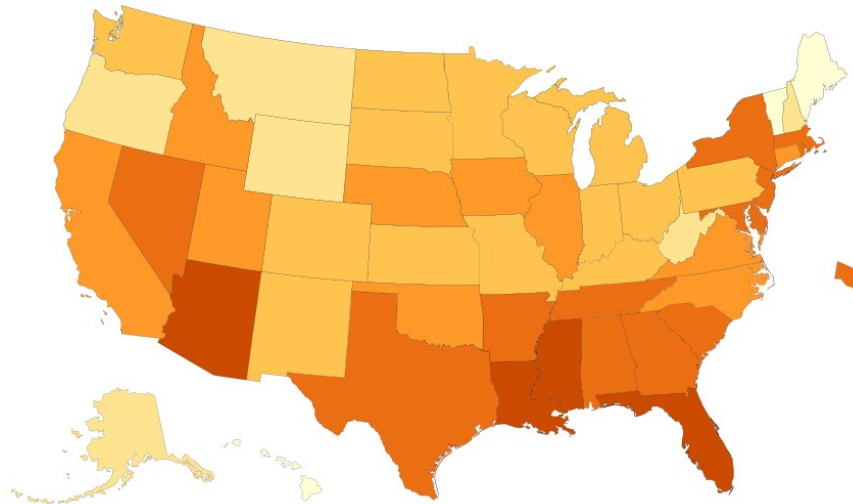
Cases in Last 7 Days

Cases per 100,000

Total Deaths

Deaths per 100,000

COVID-19 Case Rate in the US Reported to the CDC, by State/Territory (cases per 100,000)



State/Territory	Case Rate per 100,00	State/Territory	Case Rate per 100,00
Louisiana	2,763	Oklahoma	1,171
New York City*	2,728	Wisconsin	1,104
Arizona	2,595	Indiana	1,095
Florida	2,445	Minnesota	1,085
Mississippi	2,232	South Dakota	1,074
New Jersey	2,070	New Mexico	1,055
Alabama	2,053	Kansas	1,052
Georgia	2,029	North Dakota	999
South Carolina	1,956	Michigan	963
Rhode Island	1,867	Missouri	937
Nevada	1,834	Pennsylvania	922
District of Columbia	1,801	Colorado	884
Tennessee	1,781	Ohio	855
Massachusetts	1,749	Washington	830
New York*	1,730	Kentucky	778
Texas	1,678	Puerto Rico	692
Arkansas	1,620	Wyoming	522
Delaware	1,610	Virgin Islands	504
Maryland	1,580	New Hampshire	503
Iowa	1,530	Oregon	501
Illinois	1,523	Alaska	490
Nebraska	1,464	Montana	466
Connecticut	1,408	West Virginia	419
Idaho	1,396	Maine	302
Utah	1,395	Guam	248
California	1,380	Vermont	233
North Carolina	1,298	Hawaii	221
Virginia	1,175	American Samoa	0

Cases numbers reflect time of printing; LAER Task Force Phase III Report – August 10, 2020

Data Sources, References & Notes: Total cases are based on aggregate counts of COVID-19 cases reported by state and territorial jurisdictions to the Centers for Disease Control and Prevention (CDC) since January 21, 2020, with the exception of persons repatriated to the United States from Wuhan, China, and Japan. The numbers are confirmed and probable COVID-19 cases as reported by U.S. states, U.S. territories, New York City, and the District of Columbia from the previous day. *Counts for New York City and New York state are shown separately; data for New York State show total cases and deaths for the State excluding data for NYC. When not available to CDC this is annotated by N/A. Rates are calculated using U.S. Census Bureau, 2018 American Community Survey 1-year estimates and are shown as cases/100,000 people. The map shows total cases per state, new cases in the last 7 days per state, and the rate (cases/100,000) per state. The 7-day moving average of new cases (current day + 6 preceding days / 7) was calculated to smooth expected variations in daily counts. Demographic data for deaths is based on a subset of cases where case-level data is available. Case numbers reported on other websites may differ from what is posted on CDC's website because CDC's overall case numbers are validated through a confirmation process with each jurisdiction. Differences between reporting jurisdictions and CDC's website may occur due to the timing of reporting and website updates. The process used for finding and confirming cases displayed by other sites may differ.

Louisiana Coronavirus (COVID-19) Information

131,399

Cases Reported*

4,145

Deaths Reported*

1,540,571

Tests Reported*

Presumed Recovered

89,083

as of 8/3/2020

COVID-positive Patients

1,383

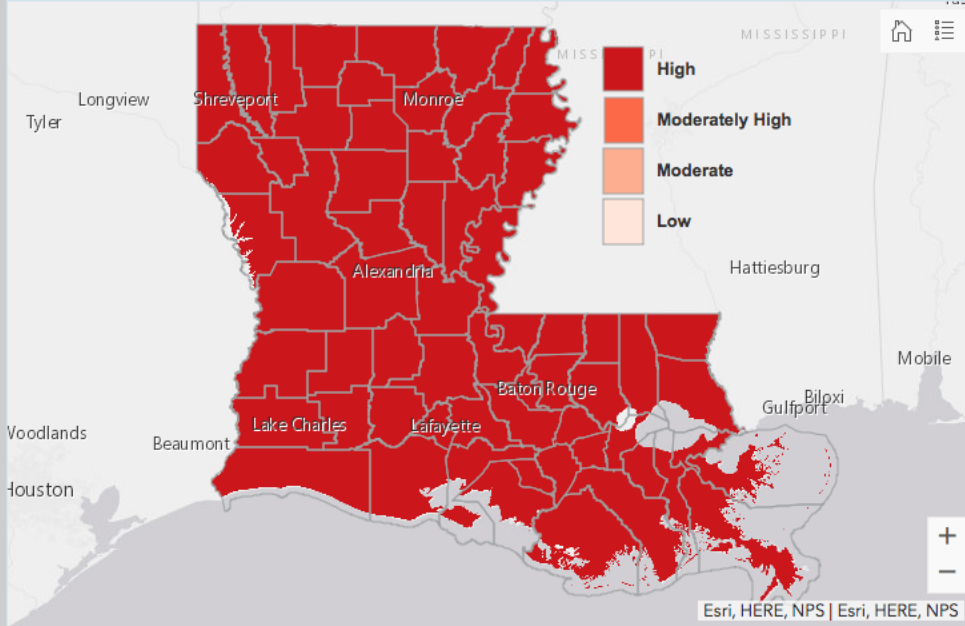
in Hospitals

COVID-positive Patients

210

on Ventilators

Cumulative 2 Week (7/16 to 7/29/2020) Incidence by Parish



Cumulative 2 Week Incidence by Parish

Click the < > arrows to navigate tabs containing other information and downloadable data
This dashboard is updated daily by noon, except on Saturday.

Source: ldh.la.gov | Case numbers reflect time of printing: LAER Task Force Phase III Report – August 10, 2020