

LOUISIANA

# ECONOMIC RECOVERY

TASKFORCE

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# Opportunity Zone Incentive

- Established in 2017 as a part of the Tax Cuts and Jobs Act of 2017
  - Incentive is designed as a bipartisan solution to expand the geography of economic growth.
  - Designed to spur long-term private sector investments in low-income communities across the US.
  - Unlike New Markets Tax Credit financing this is not a loan product. Specifically designed to channel more equity capital into overlooked markets.
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# How Do Opportunity Zones Spur Economic Development?

- Opportunity Zones are designed to spur economic development by providing tax benefits to investors.
  - Investors can defer tax on prior capital gains invested in a Qualified Opportunity Fund (QOF) until the earlier of the date on which the investment in a QOF is sold or exchanged, or December 31, 2026.
  - If the QOF investment is held for longer than 5 years, there is a 10% exclusion of the deferred gain. If held for more than 7 years, the 10% becomes 15%.
  - If the investor holds the investment in the Opportunity Fund for at least ten years, the investor is eligible for an increase in basis of the QOF investment equal to its fair market value on the date that the QOF investment is sold or exchanged.
-

# GET LOUISIANA WORKING

LOUISIANA ECONOMIC RECOVERY TASK FORCE  
JUNE 12, 2020





## REIN IN STATE SPENDING

### Solutions to rein in spending

- Establish an effective spending limit to ensure state government lives within its means.
- Restrict the state budget to 98% of the Revenue Estimating Conference's revenue projection.
- End the arbitrary "silos" for non-reviewed government spending — re-examine those in the state Constitution and end those created through statutory dedications.



## SIMPLIFY THE TAX CODE

### Revenue-neutral solutions to simplify the tax code and create jobs

- Simplify personal income tax rates to a 4% flat tax and remove a myriad of deductions and credits.
- Simplify and flatten the corporate income tax rate down to about 3% by repealing the corporate deduction for federal taxes paid and various targeted incentive programs included in the corporate tax code. Use revenue triggers to phase out the corporate rate.
- Repeal the corporate franchise tax.
- Repeal the refundable credit and phase out parishes' authority to assess inventory taxes, which represent an ineffective way for parishes to raise revenue.
- Centralize sales tax collections to simplify the process.
- Lower, eliminate, or redirect the Severance Tax on oil and gas industry companies to provide relief during the current oil price decline and COVID-19 crisis.



## CUT RED TAPE AND GROW JOBS

### Solutions to knock down barriers to work

- Recognize the out-of-state occupational licenses of those coming to work in Louisiana, a process that was implemented during the COVID-19 crisis and should be extended.
- Eliminate occupational licenses (requirements and fees) for jobs that do not require a license in most other states.

### Solutions to cut red tape for small businesses

- Keep those regulations lifted during the crisis in place (i.e., telemedicine and scope of practice).
- Adopt an “economic analysis unit” or a board to provide independent, evidence-based impact statements on the costs and benefits of proposed regulations.
- Enact a systematic process to review and eliminate unnecessary and/or outdated regulations that provide no public benefit.
- Establish a transparent electronic process for regulations to make it easier for small business owners and to provide agencies with better engagement.



## MODERNIZE STATE INFRASTRUCTURE

### Solutions to modernize infrastructure

- Reform the way the Department of Transportation and Development (DOTD) is funded and how expenditures are prioritized.
- Work more closely with the federal government to spend federal money on federal infrastructure.
- Enter into more public-private partnerships (P3s) to stretch limited public funds further and improve transportation infrastructure.
- Right-size the number of highway miles falling under the state's responsibility by empowering local authority.



## **MAKE LOUISIANA A TECHNOLOGY AND INNOVATION HUB**

### **Solutions for connecting Louisiana**

- Lower costs for crossing state infrastructure to install broadband devices and open electric co-op infrastructure for internet service providers.
- Develop state inventory of all infrastructure for deployment of fiber and/or wireless connectivity and pass “dig once” policy.
- Cap fees and application times on small cell deployment across the state.

### **Solutions for creating an education & innovation framework**

- Ensure regulatory certainty by proactively creating regulatory frameworks for emerging technologies. Examples include drones or cryptocurrency
- Take advantage of newly-remote work environments, and recruit technology talent to lower-cost-of-living Louisiana.
- Ensure K-12 and Higher Education institutions have the capability to develop a tech-ready workforce.



## A SCHOOL THAT FITS FOR EVERY CHILD

### Solutions for education reform

- Embrace innovative models to deliver education, especially to families who are not willing to return to the status quo.
- Ensure dollars follow the child and families can choose the learning environment that best fits their needs.
- Bring much-needed transparency to opaque local school board budgets, following the lead of Lafayette Parish and the statewide Louisiana Checkbook.
- Update virtual charter school laws to open the doors to new opportunities like microschoools and virtual homeschool co-ops.

# GET LOUISIANA WORKING

[PelicanInstitute.org/GetLouisianaWorking](https://PelicanInstitute.org/GetLouisianaWorking)

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JUNE 12, 2020

**LCFOR**

LOUISIANA COALITION TO FIX OUR ROADS

**Louisiana Economic Recovery Task Force**

**LCFOR**

WHO IS...

**LCFOR**

LOUISIANA COALITION TO FIX OUR ROADS

- BUSINESS LEADERS
- CHAMBER OF COMMERCE REPRESENTATIVES
- TRADE ASSOCIATIONS

**LCFOR**

# WHAT IS...

# LCFOR



**NO** REVENUE INCREASE  
SINCE 1985

WHY  
2020?

LOUISIANA UNABLE  
to match up to federal funds:

**78 MILLION**



**Possible federal match increase**

2020 special session | 2021 fiscal session



|  
**48<sup>TH</sup> WORST**

TRANSPORTATION RANKED

|  
**D+**

OUR GRADE

American Society of Civil Engineers'

|  
**43<sup>RD</sup> LOWEST**

24/7 WALL STREET  
|

**1,678 BRIDGES ARE  
STRUCTURALLY DEFICIENT  
TODAY**

**7TH MOST STRUCTURALLY  
DEFICIENT BRIDGES**



**43 BRIDGES  
were CLOSED in 2019**



# LOUISIANA ROADS ARE COSTING YOU

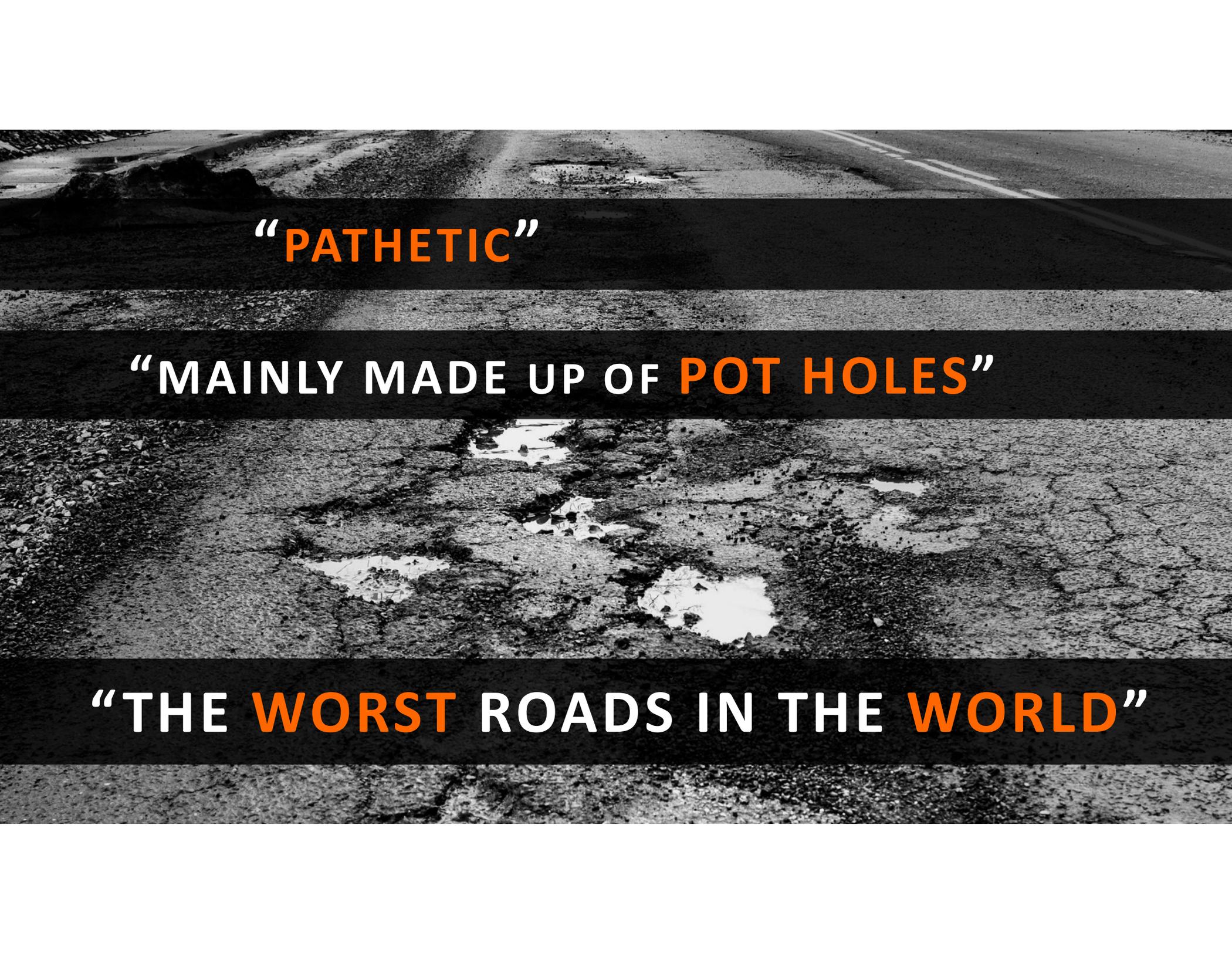


**“ATROCIOUS”**



**“A DISASTER”**

**“VERY DANGEROUS...”**



**“PATHETIC”**

**“MAINLY MADE UP OF POT HOLES”**

**“THE WORST ROADS IN THE WORLD”**



LOUISIANA COALITION TO FIX OUR ROADS



**LA ROADS ARE:**

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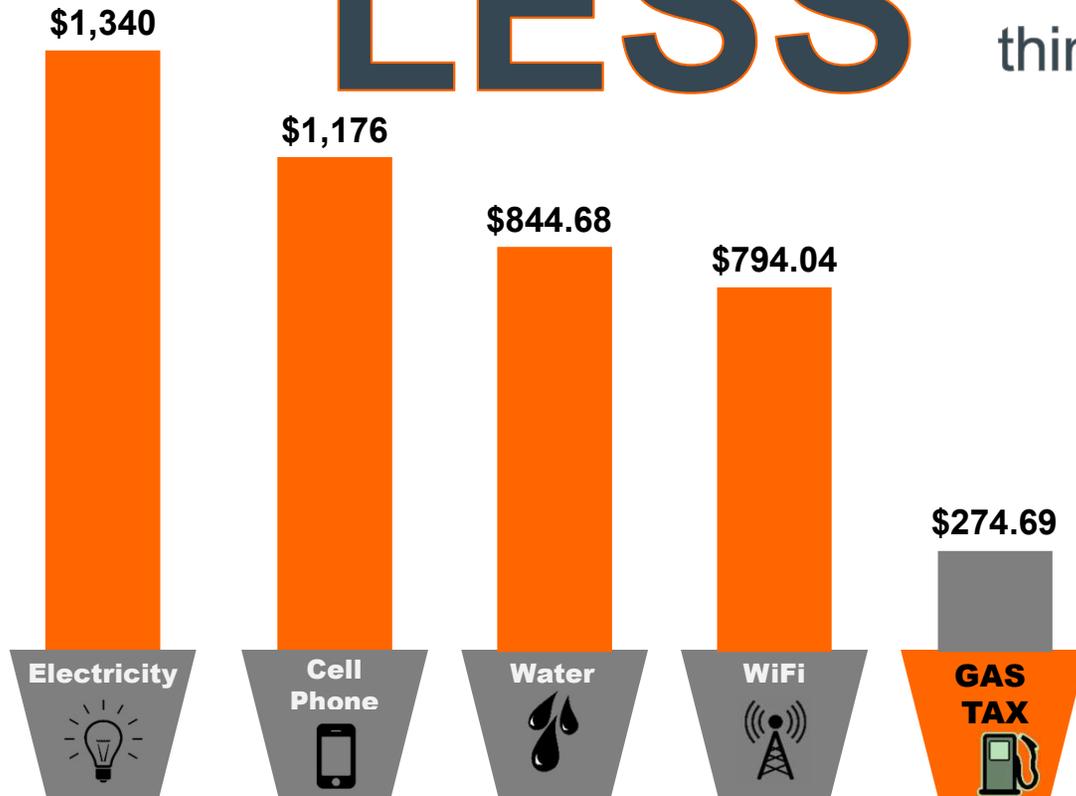
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PAID FOR BY LOUISIANA COALITION TO FIX OUR ROADS

	2017	2019
<b>Hidden cost of deficient roads</b>	\$6.5 billion	\$6.9 billion
<b>Fatalities</b>	3,563 – 7 <sup>th</sup>	3,683 – 5 <sup>th</sup>
<b>Transportation ranked</b>	46 <sup>th</sup>	48 <sup>th</sup>
<b>Congested road cost</b>	\$2.4 billion	\$2.5 billion



# The Gas Tax is **LESS** than you think!



Compared to the average household and individual costs Americans pay for other infrastructure and conveniences, the number is strikingly low.

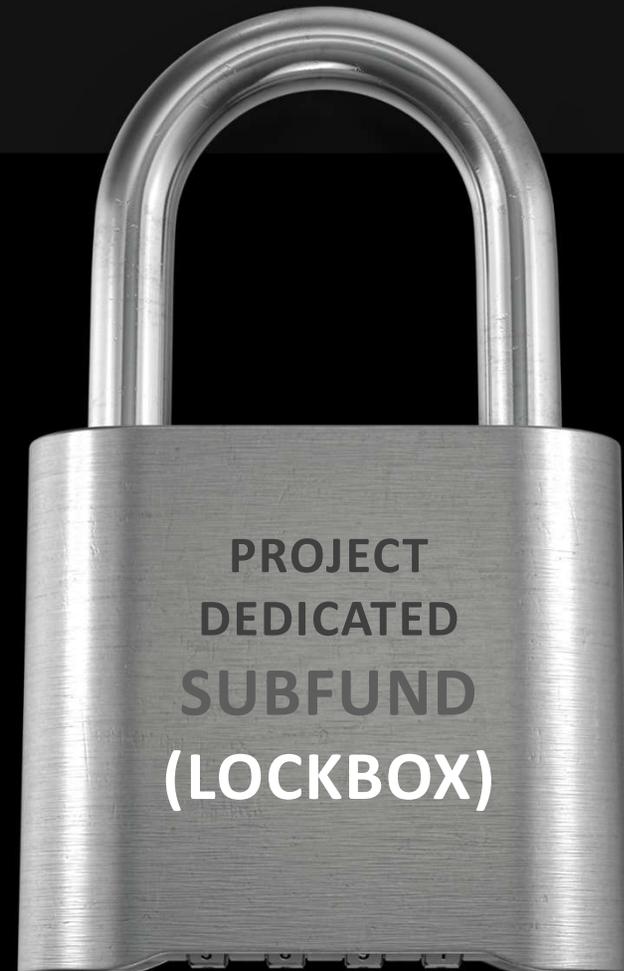
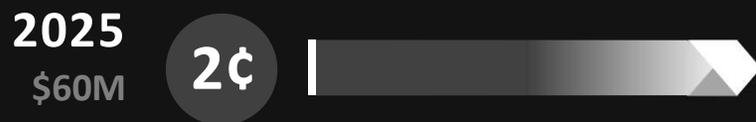
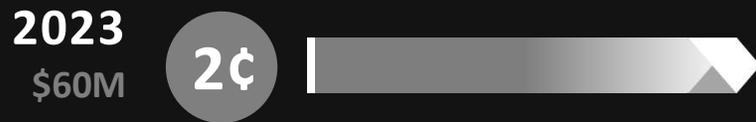
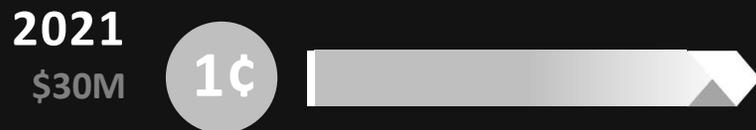
**\$274.96** is the average annual gas tax, drivers pay.

**BUT**

In Louisiana we spend an average of **\$706!**

**Our BAD ROADS  
are costing  
Louisiana  
Citizens \$431.04**

TTF = 16¢



8¢ = REMAINS IN TRANSPORTATION TRUST FUND FOR 2025

USER FEE	GASOLINE	DIESEL
2019	6¢	4¢
2021	8¢	6¢
2023	10¢	8¢
2025	12¢	10¢
2027	14¢	12¢
2029	16¢	14¢
2031	18¢	16¢



**NEW** REVENUE DEDICATED TO PROJECTS SUBFUND (LOCK-BOX)



ELECTRIC VEHICLES: **\$300** annually

HYBRID VEHICLES: **\$200** annually

**ADDITIONAL** FUNDING



# MAJOR

## STATE-WIDE IMPROVEMENTS

- New Calcasieu River bridge with connectors in Lake Charles
- New Mississippi Bridge with connectors in Baton Rouge
- Upgrades to US 90 to interstate standards from the I-10/I-49 interchange at Lafayette to New Orleans
- Widening of 1-12 to six lanes from Baton Rouge to the Mississippi state line
- US 90/Port of New Orleans access improvements
- Widening to six lanes and rehabilitation of 1-20 from Industrial Drive in Bossier City to Monkhouse Drive in Shreveport



- Widening to six lanes, associated improvements to 1-20 at Monroe from LA 546 to LA 594
- 60% of the funds dedicated to rehabilitation of our existing roads and bridges across all of Louisiana

## **MAJOR BENEFITS TO ACTING IN 2020**



**Building roads and bridges is the time tested, proven way to recover from economic collapse. This is one area where government action can put people to work immediately.**



## **MAJOR BENEFITS TO ACTING IN 2020**

- Our highway system was failing our economy before COVID-19. We cannot rebuild a new, robust Louisiana economy atop D rated infrastructure.



## **MAJOR BENEFITS TO ACTING IN 2020**

 The existing revenue is no longer enough to secure federal funds for construction. We are not positioned to maintain status quo for 2021, much less participate in any new federal funding programs that may come from COVID-19.



## **MAJOR BENEFITS TO ACTING IN 2020**

 All of us benefited from the investment that our parents and grandparents put into the highway system. We need to pay it forward so that our kids and grandkids have the foundation to build a better Louisiana.

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# THE ASK

- Include increasing highway funding – new revenue – as a Phase III recommendation of the Task Force. Let's get this done.



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# Upcoming Task Force Meeting Dates

- Task Force Meetings—Thursdays, 8:30 am
- Work Group Meetings—  
Mondays and/or Tuesdays (TBD by Chair of  
Work Groups)

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