



Louisiana Senate Finance Committee



FY21 Proposed Budget

05 – Economic Development

June 2020

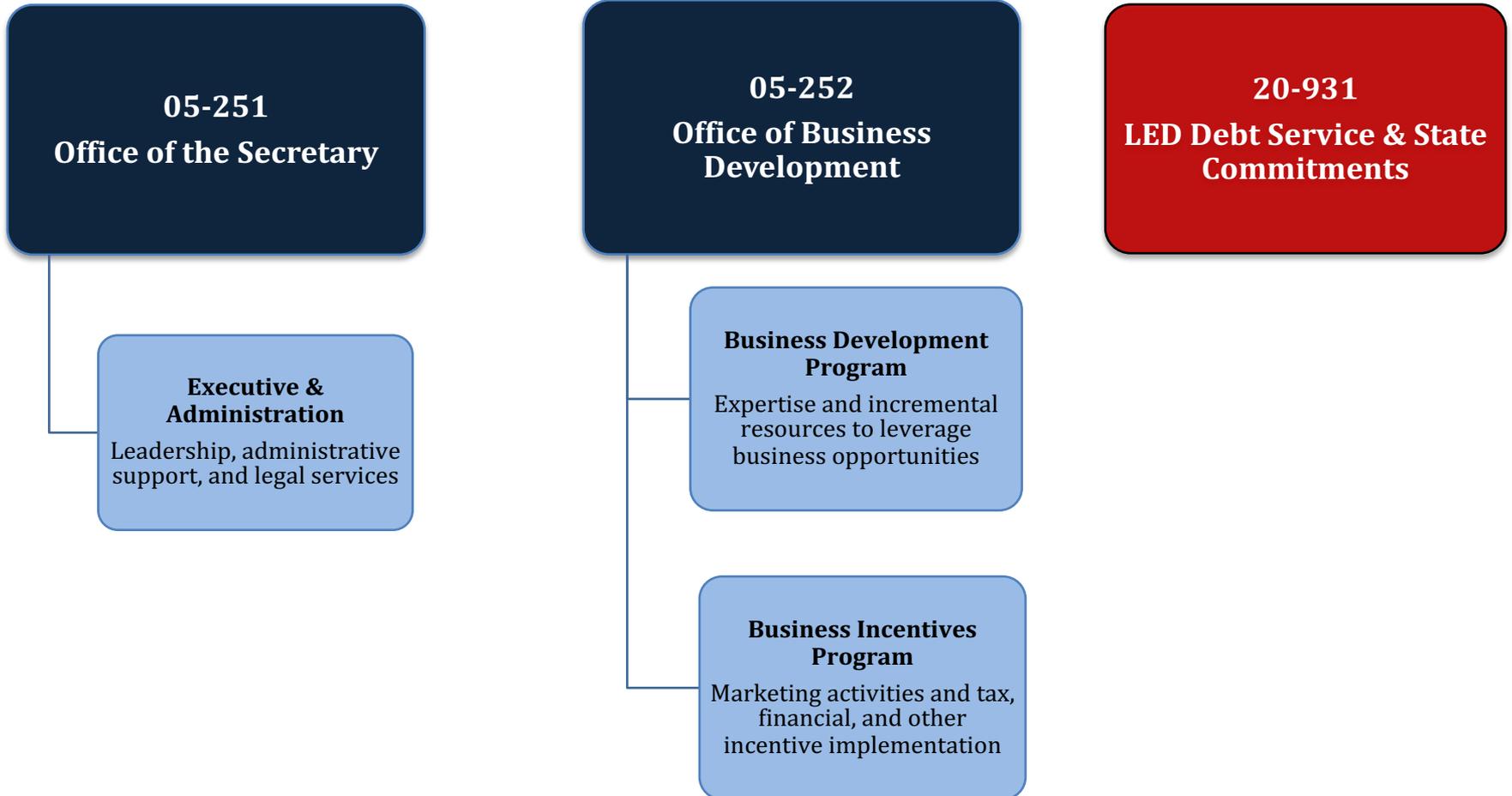
*Senator Patrick Page Cortez, President
Senator Bodi White, Chairman*



FY21 Proposed Budget

Schedule 05 — Department of Economic Development

The mission of the Department of Economic Development is to cultivate jobs and economic opportunity for the people of Louisiana.





Department of Economic Development

Changes in Funding since FY13

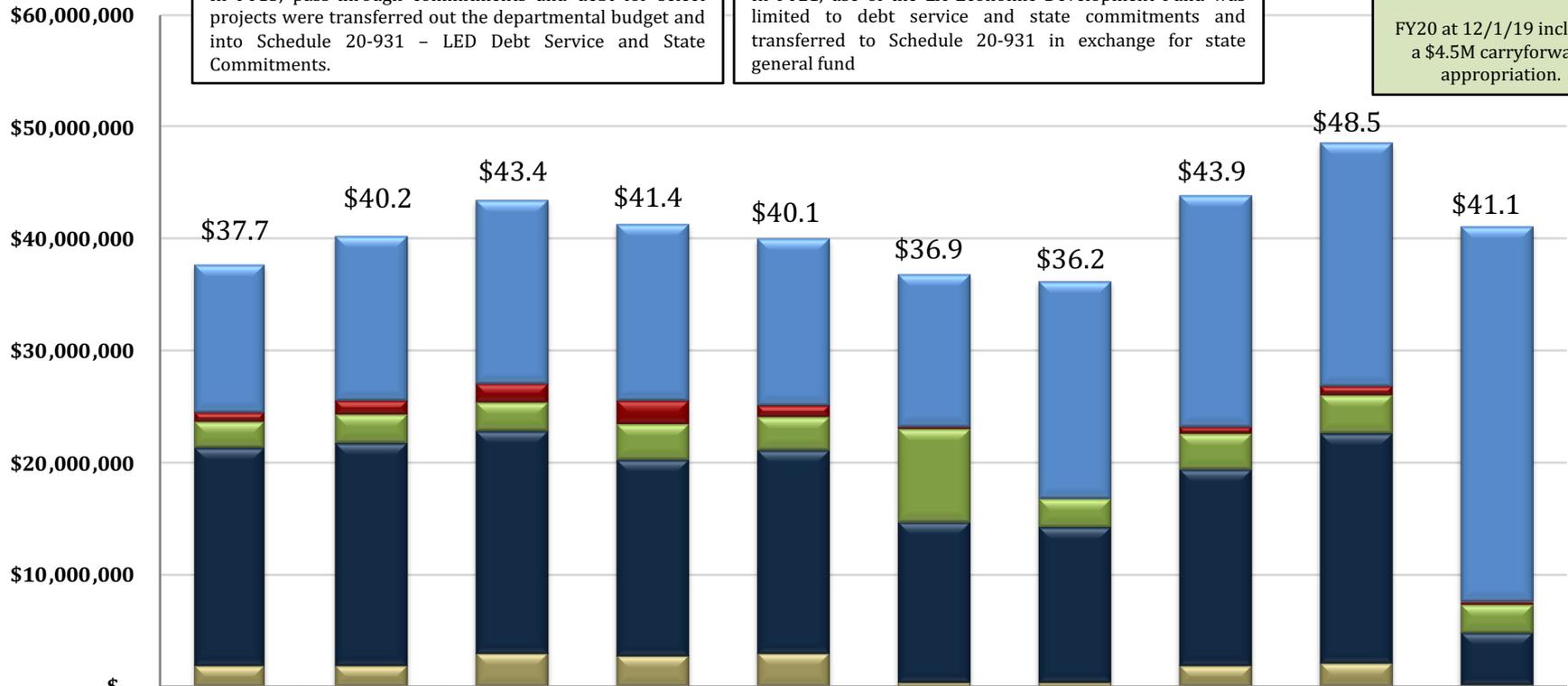
Total Budget by Fiscal Year and Means of Finance

Change from FY13 to FY21 is 9%.

In FY13, pass-through commitments and debt for select projects were transferred out the departmental budget and into Schedule 20-931 - LED Debt Service and State Commitments.

In FY21, use of the LA Economic Development Fund was limited to debt service and state commitments and transferred to Schedule 20-931 in exchange for state general fund

Interim Updates
FY20 at 12/1/19 includes a \$4.5M carryforward appropriation.



	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Enacted	FY20 as of 12/1/19	FY21 Proposed
■ SGF	\$13,312,547	\$14,756,068	\$16,491,399	\$15,776,327	\$14,954,842	\$13,731,145	\$19,321,841	\$20,634,834	\$21,703,683	\$33,486,331
■ IAT	\$841,438	\$1,150,793	\$1,535,955	\$2,299,477	\$1,107,965	\$41,216	\$-	\$762,997	\$762,997	\$125,000
■ FSGR	\$2,198,115	\$2,578,479	\$2,548,329	\$3,072,629	\$2,895,075	\$8,367,422	\$2,624,843	\$3,092,284	\$3,531,591	\$2,561,237
■ ST AT DED	\$19,386,854	\$19,879,054	\$19,973,664	\$17,558,697	\$18,167,538	\$14,360,782	\$13,914,029	\$17,620,597	\$20,485,503	\$4,700,000
■ FED	\$1,990,634	\$1,864,670	\$2,891,473	\$2,695,003	\$2,937,033	\$357,999	\$301,880	\$1,833,416	\$2,057,555	\$183,333



Economic Development

Statewide Budget Adjustments Proposed for FY21

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$21,703,683	\$762,997	\$3,531,591	\$20,485,503	\$2,057,555	\$48,541,329	113	FY20 Existing Operating Budget as of 12-1-19
\$80,222	\$0	\$46,613	\$0	\$0	\$126,835	0	Market Rate Classified
\$26,736	\$0	\$0	\$0	\$0	\$26,736	0	Unclassified Pay Increase
\$8,337	\$0	\$1,587	\$0	\$0	\$9,924	0	Civil Service Training Series Adjustment
(\$138,544)	\$0	(\$17,499)	\$0	\$0	(\$156,043)	0	Related Benefits Base Adjustment
(\$34,852)	\$0	(\$13,343)	\$0	\$0	(\$48,195)	0	Retirement Rate Adjustment
\$16,359	\$0	\$5,830	\$0	\$0	\$22,189	0	Group Insurance Rate Adjustment for Active Employees
\$10,593	\$0	\$0	\$0	\$0	\$10,593	0	Group Insurance Rate Adjustment for Retirees
\$369,369	\$0	\$116,060	\$0	\$0	\$485,429	0	Salary Base Adjustment
(\$187,495)	\$0	(\$82,691)	\$0	\$0	(\$270,186)	0	Attrition Adjustment
(\$1,068,849)	\$0	(\$439,307)	(\$2,864,906)	(\$224,139)	(\$4,597,201)	0	Non-recurring Carryforwards
(\$94)	\$0	\$0	\$0	\$0	(\$94)	0	Risk Management
(\$44,289)	\$0	\$0	\$0	\$0	(\$44,289)	0	Legislative Auditor Fees
(\$3,509)	\$0	\$0	\$0	\$0	(\$3,509)	0	Rent in State-owned Buildings
\$8,285	\$0	\$0	\$0	\$0	\$8,285	0	Capitol Park Security
(\$470)	\$0	\$0	\$0	\$0	(\$470)	0	UPS Fees
\$867	\$0	\$0	\$0	\$0	\$867	0	Civil Service Fees
\$434	\$0	\$0	\$0	\$0	\$434	0	State Treasury Fees
\$30,454	\$0	\$0	\$0	\$0	\$30,454	0	Office of Technology Services (OTS)
(\$20,261)	\$0	\$0	\$0	\$0	(\$20,261)	0	Office of State Procurement
(\$9,598)	\$0	\$0	\$0	\$0	(\$9,598)	0	Topographic Mapping
(\$956,305)	\$0	(\$382,750)	(\$2,864,906)	(\$224,139)	(\$4,428,100)	0	Total Statewide Adjustments
\$13,508,201	\$0	(\$587,604)	(\$12,920,597)	\$0	\$0	0	Total Means of Financing Substitution Adjustments
\$0	(\$637,997)	\$0	\$0	(\$1,650,083)	(\$2,288,080)	0	Total Non-recurring Other Adjustments
(\$769,248)	\$0	\$0	\$0	\$0	(\$769,248)	0	Total Other Adjustments
\$33,486,331	\$125,000	\$2,561,237	\$4,700,000	\$183,333	\$41,055,901	113	Total FY21 Proposed Budget
\$11,782,648	(\$637,997)	(\$970,354)	(\$15,785,503)	(\$1,874,222)	(\$7,485,428)	0	Total Adjustments (Statewide and Agency-specific)



Department of Economic Development

Non-Statewide Adjustments for FY21

Non-Recurring Other Adjustments

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	(\$637,997)	\$0	\$0	\$0	(\$637,997)	0	Office of Secretary — Non-recurs Community Development Block Grant (CDBG) Funds utilized for one-time Fast Start expenditures. The funds are no longer available and are exhausted.
\$0	\$0	\$0	\$0	(\$1,650,083)	(\$1,650,083)	0	Business Incentives — Non-recurs US Department of Treasury Funds in the State Small Business Credit Initiative for capital delivery to small businesses. The funds are no longer available and are exhausted.
\$0	(\$637,997)	\$0	\$0	(\$1,650,083)	(\$2,288,080)	0	Total Non-Recurring Other Adjustments

Other Adjustments

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
(\$769,248)	\$0	\$0	\$0	\$0	(\$769,248)	0	Business Development — Decrease in State General Fund for the Economic Development Regional Awards and Matching Grant Program administered through the Regional Economic Development offices.
(\$769,248)	\$0	\$0	\$0	\$0	(\$769,248)	0	Total Other Adjustments

Means of Financing Substitutions

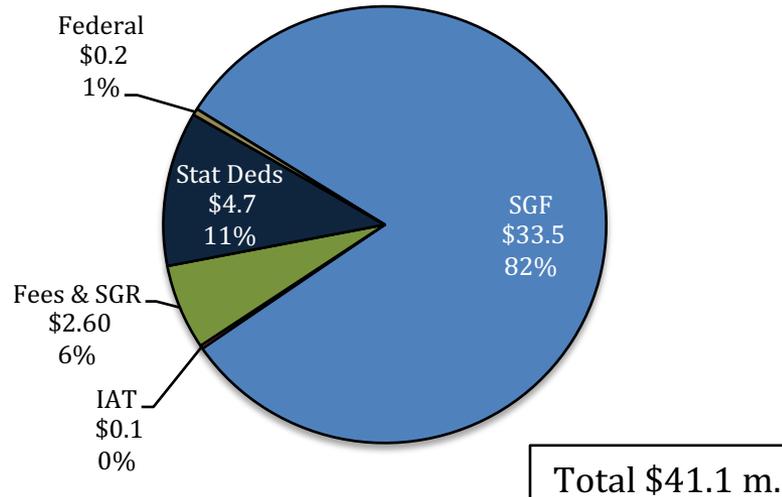
State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$5,677,710	\$0	\$0	(\$5,677,710)	\$0	\$0	0	Office of Secretary — Removes funding from the Statutorily Dedicated Louisiana Economic Development Fund and increases State General Fund due to restrictions on the usage of the fund in accordance with Act 404 of the 2019 Regular Legislative Session.
\$587,604	\$0	(\$587,604)	\$0	\$0	\$0	0	Business Development — Removes funding from Self-generated Revenue and increases State General Fund to replace declining fees from applications for the Industrial Tax Exemption Program and the Digital Media Tax Incentive.
\$6,480,589	\$0	\$0	(\$6,480,589)	\$0	\$0	0	Business Development — Removes funding from the Statutorily Dedicated Louisiana Economic Development Fund and increases State General Fund due to restrictions on the usage of the fund in accordance with Act 404 of the 2019 Regular Legislative Session.
\$762,298	\$0	\$0	(\$762,298)	\$0	\$0	0	Business Incentives — Removes funding from the Statutorily Dedicated Louisiana Economic Development Fund and increases State General Fund due to restrictions on the usage of the fund in accordance with Act 404 of the 2019 Regular Legislative Session.
\$13,508,201	\$0	(\$587,604)	(\$12,920,597)	\$0	\$0	0	Total MOF Substitutions



Economic Development

FY21 Proposed Means of Finance and Dedicated Funds

FY21 Proposed Means of Finance



Non-SGF Sources of Funding:

Non-SGF sources of revenue include **Interagency Transfers, Fees and Self-generated Revenue, and Statutory Dedications.**

The **Fees and Self-generated Revenues** are derived from the collection of certain specified fees from businesses applying for incentives granted by the department.

The **Statutory Dedications** are from the Marketing Fund and the Louisiana Entertainment Development Fund.

Interagency Transfers and **Federal Funding** is related to grant programs that are available intermittently for various programs, including the Office of International Commerce.

Dedicated Funds	Source of Funding	FY19 Actual	FY20 EOB	FY21 Proposed
Louisiana Economic Development Fund	State sales tax	\$11,914,079	\$15,785,503	\$0
Louisiana Entertainment Development Fund	Application fees	\$0	\$2,700,000	\$2,700,000
Marketing Fund	State sales tax	\$1,999,950	\$2,000,000	\$2,000,000
TOTALS		\$13,914,029	\$20,939,812	\$4,700,000

As a recommendation of the Dedicated Fund Review Subcommittee of JLCB - Act 404 of 2019:

Louisiana Economic Development Fund dedicates monies only to Debt Service and State Commitments appropriated through Schedule 20-931 beginning in FY21.



Economic Development

FY20 Enacted vs. FY21 Proposed Comparison by Agency

FY20 Enacted Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
Office of the Secretary	\$12,616,563	\$637,997	\$0	\$5,677,710	\$0	\$18,932,270
Office of Business Development	\$8,018,271	\$125,000	\$3,092,284	\$11,942,887	\$1,833,416	\$25,011,858
TOTALS	\$20,634,834	\$762,997	\$3,092,284	\$17,620,597	\$1,833,416	\$43,944,128
FY21 Proposed Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
Office of the Secretary	\$18,140,341	\$0	\$0	\$0	\$0	\$18,140,341
Office of Business Development	\$15,345,990	\$125,000	\$2,561,237	\$4,700,000	\$183,333	\$22,915,560
TOTALS	\$33,486,331	\$125,000	\$2,561,237	\$4,700,000	\$183,333	\$41,055,901
<i>Difference FY20 Enacted to FY21 Proposed</i>	<i>\$12,851,497</i>	<i>-\$637,997</i>	<i>-\$531,047</i>	<i>-\$12,920,597</i>	<i>-\$1,650,083</i>	<i>-\$2,888,227</i>

The Department's total FY21 Proposed Budget decreased by \$2.9M or -6.6% from \$43.9 million last year to \$41.1 million for operating expenses for next year. This is due mainly to decreases in federal funds.

There is a significant change in means of financing between state general fund dollars and statutory dedications. This is attributable originally to Act 612 of the 2018 Regular Session whereby funds contained in the Economic Development Fund could only be used for the Fast Start program.

Last year, Act 404 (SB 181) of the 2019 Regular Session, changed that provision to allow the funds to be appropriated for LED Debt Service and State Commitments in Schedule 20-931. Previously, those funds were used to support the operating budget and general fund dollars were used for debt commitments.

In all means of finance, the Office of the Secretary decreased by about \$0.8M or -4.2%.

The Office of Business Development decreased by about \$2.1M or -8.4%.



Economic Development Categorical Expenditures FY19, FY20, and FY21

Expenditure Category	FY19 Actual	FY20 EOB <i>(as of 12-01-19)</i>	FY21		Difference FY20 to FY21
			Proposed Budget	Category as Percent of Total	
Personal Services:	\$12,534,667	\$13,579,501	\$13,786,783	33.58%	\$207,282
Salaries	\$8,334,471	\$8,736,232	\$9,154,108	22.30%	\$417,876
Other Compensation	\$62,171	\$126,014	\$126,014	0.31%	\$0
Related Benefits	\$4,138,025	\$4,717,255	\$4,506,661	10.98%	(\$210,594)
Operating Expenses:	\$1,389,747	\$1,922,291	\$1,922,291	4.68%	\$0
Travel	\$480,381	\$654,603	\$654,603	1.59%	\$0
Operating Services	\$770,840	\$1,085,432	\$1,085,432	2.64%	\$0
Supplies	\$138,526	\$182,256	\$182,256	0.44%	\$0
Professional Services	\$4,781,782	\$6,645,674	\$5,347,217	13.02%	(\$1,298,457)
Other Charges:	\$17,307,179	\$26,393,863	\$19,999,610	48.71%	(\$6,394,253)
Other Charges	\$14,925,289	\$24,167,411	\$17,776,144	43.30%	(\$6,391,267)
Debt Service	\$0	\$0	\$0	0.00%	\$0
Interagency Transfers	\$2,381,890	\$2,226,452	\$2,223,466	5.42%	(\$2,986)
Acquisitions & Major Repairs:	\$149,168	\$0	\$0	0.00%	\$0
Acquisitions	\$149,168	\$0	\$0	0.00%	\$0
Major Repairs	\$0	\$0	\$0	0.00%	\$0
Total Expenditures	\$36,162,543	\$48,541,329	\$41,055,901	100.00%	(\$7,485,428)

Other Charges include program expenses, such as Fast Start, Economic Competitiveness, new statutory dedication film fees, etc., as well as transfers to other agencies for statewide adjustments.



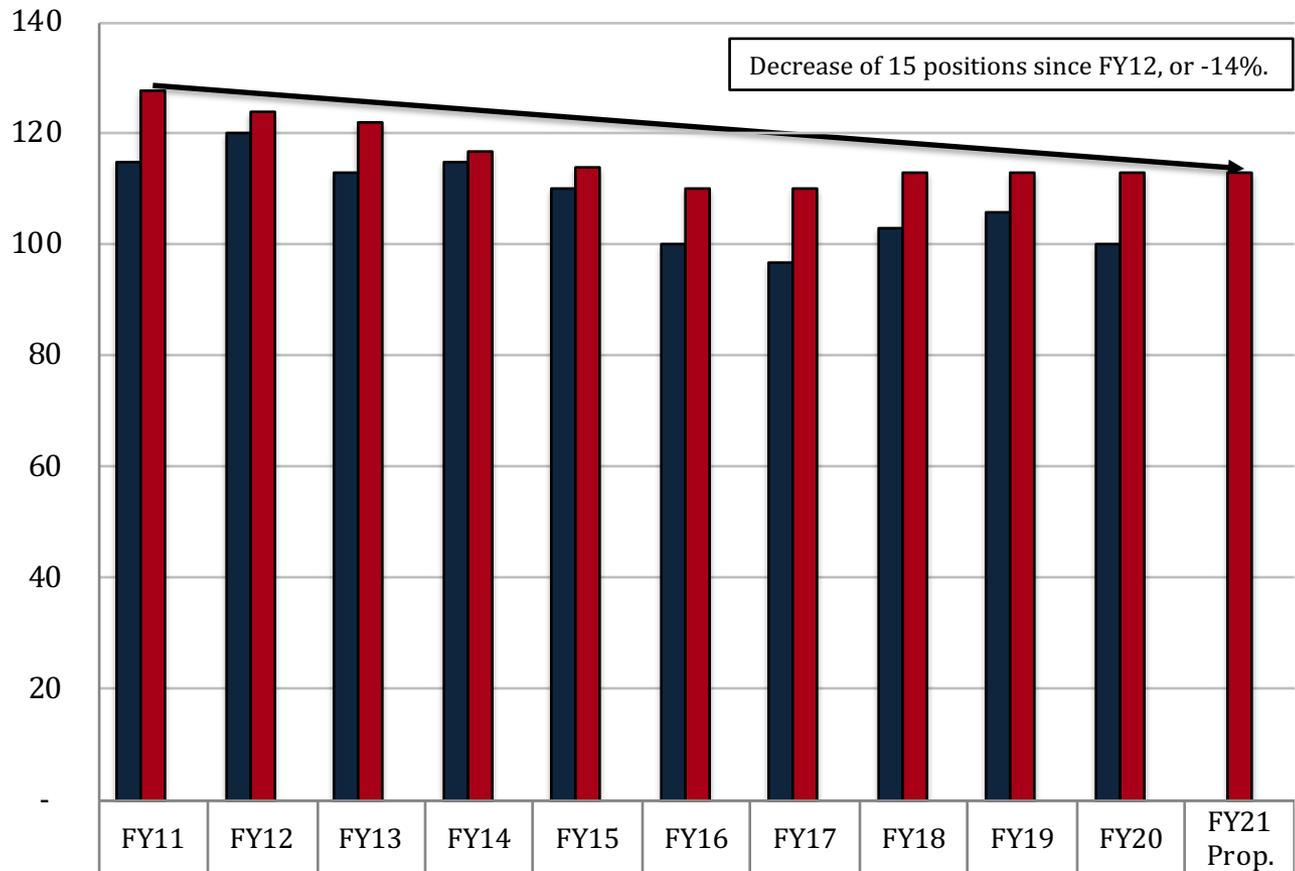
Department of Economic Development

FTEs, Authorized Positions, and Other Charges Positions

Total FY21 Proposed Authorized Positions of 113 are 0.33% of Total State FY21 Proposed Authorized Positions of 33,999

FY21 Proposed Budget includes funding for related benefits of all positions in the amount of \$4.5 m.

Out of the \$4.5 m, \$2.8 m. are for UAL payments; \$.04 m. are for retirees' health benefits; and the remaining amount of \$1.3 m. are the employer contributions to the benefits of active employees, of which 81% are SGF.



	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21 Prop.
■ Total FTEs (as of July 1 of each fiscal year)	115	120	113	115	110	100	97	103	106	100	-
■ Total Authorized Positions (Enacted)	128	124	122	117	114	110	110	113	113	113	113
■ Authorized Other Charges Positions	-	-	-	-	-	-	-	-	-	-	-

Notes:
 Data for Total FTEs uses the first weekly employment report published by State Civil Service in July at the start of the named fiscal year.
 Data for Total Authorized Positions uses fiscal year enacted levels, except for FY21 Proposed.
 Data for Other Charges Positions are reflected in the Executive Budget per Act 377 of the 2013 Regular Legislative Session (beginning in FY15).



Department of Economic Development

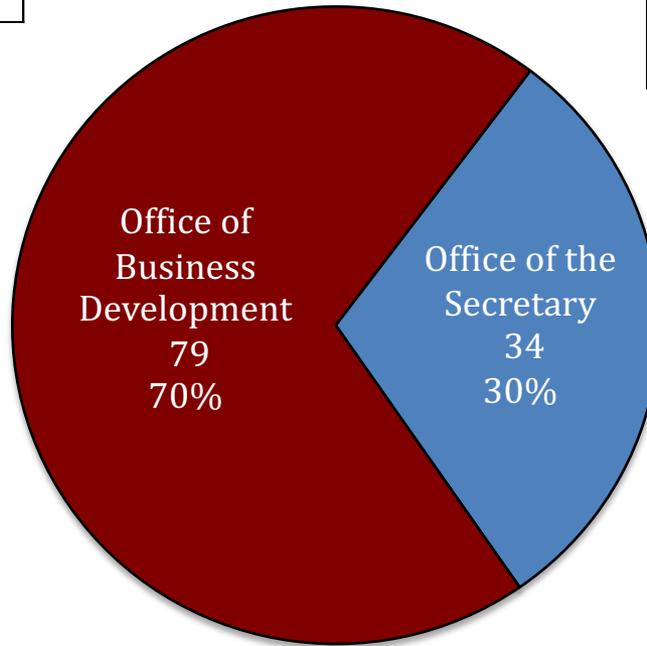
FY21 Proposed Total Authorized Positions by Agency

Office of Business Development

Business Development Program	64
Business Incentives Program	15
TOTAL Positions	79

Office of Business Development

Sixteen of these positions are engaged in business development activities to promote and market the state. The remaining positions include marketing & communications, business retention, business development, community outreach, entertainment industry, regional economic development, small business development, international commerce, and business or tax incentive programs.



Office of the Secretary

Executive & Administration Positions	34
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Office of the Secretary

Fifteen of these positions are engaged in management and finance, including HR, purchasing, and financial management. The remainder are involved in FastStart, Executive functions, legal support, internal audit, and state economic competitiveness activities.



FY21 Proposed Budget

Schedule 05 — Staff Demographic Data

The following table shows a breakdown of departmental staff by demographic data.

Gender	Percentage	Number
Female	60%	68
Male	40%	32
Race		
Black	18%	20
White	78%	88
Other	4%	5
Retirement Eligible Within 1 Year	14%	16



Department of Economic Development

Significant Budget Issues for FY21

Major Initiatives:

Financial Assistance Initiatives:

- \$9.0 million provided out of the general fund for the **FastStart Program**. Fast Start delivers comprehensive workforce training services to businesses that are looking to relocate or expand by providing turnkey employee training and delivery solutions, and recruitment.
- \$2.7 million out of the **Louisiana Entertainment Development Fund** is provided for education development initiatives, matching grants for Louisiana filmmakers, loan guarantee programs, and deal closings.
- \$1.7 million out of the general fund for **State Economic Competitiveness** for strategy and planning by benchmarking state public policies.

Community Assistance Initiatives:

- \$735,000 allocated for **Small and Emerging Business Development**. This provides technical assistance to certified small and emerging businesses by providing managerial and developmental services that include entrepreneurial training and other specialized support.
- \$1 million distributed to the **Small Business Development Centers** allowing for management assistance and business counseling to Louisiana small businesses.
- \$1 million provided for the **Economic Development Regional Awards and Matching Grant Program** which offers assistance to economic development organizations in their comprehensive and strategic marketing and recruitment plans for towns, cities, parishes and regions as a site for new or expanded business development.



Incentive Expenditure Forecast

In accordance with Act 401 of the 2017 Regular Session, below is the listing of the incentive expenditure programs as submitted to the Revenue Estimating Conference on May 11, 2020. This department administers the following incentive expenditure programs:

Louisiana Community Economic Development Act	(R.S. 47:6031)	Not in effect
Ports of Louisiana Tax Credits	(R.S. 47:6036)	Unable to anticipate
Motion Picture Investor Tax Credit	(R.S. 47:6007)	Projected for \$180,000,000
Research and Development Tax Credit	(R.S. 47:6015)	Projected for \$7,000,000
Digital Interactive Media and Software Act	(R.S. 47:6022)	Projected for \$31,700,000
Louisiana Motion Picture Incentive Act	(R.S. 47:1121)	Not in effect
New Market Tax Credit	(R.S. 47:6016)	Unable to anticipate
University Research and Development Parks	(R.S. 17:3389)	Not in effect
Industrial Tax Equalization Program	(R.S. 47:3201-3205)	Projected for \$14,500,000
Exemption for Manufacturing Establishments	(R.S. 47:4301-4306)	Projected for \$1,500,000
Louisiana Enterprise Zone Act	(R.S. 51:1781)	Projected for \$40,000,000
Sound Recording Investor Tax Credit	(R.S. 47:6023)	Projected for \$611,000
Urban Revitalization Tax Incentive Program	(R.S. 51:1801)	Not in effect
Technology Commercialization Credit and Jobs Program	(R.S. 51:2351)	Not in effect
Angel Investor Tax Credit Program	(R.S. 47:6020)	Projected for \$4,000,000
Musical and Theatrical Productions Income Tax Credit	(R.S. 47:6034)	Projected for \$6,000,000
Retention and Modernization Act	(R.S. 51:2399.1-.6)	Projected for \$10,500,000
Tax Credit for Green Jobs Industries	(R.S. 47:6037)	Not in effect
Louisiana Quality Jobs Program Act	(R.S. 51:2451)	Projected for \$165,000,000
Corporate Headquarters Relocation Program	(R.S. 51:3111)	Not in effect
Competitive Projects Payroll Incentive Program	(R.S. 51:3121)	Projected for \$0
TOTAL INCENTIVES ADMINISTERED BY LED		\$460,811,000



Department of Economic Development

Schedule 20-931 LED Debt Service & State Commitments

FY 21 PROPOSED LED DEBT SERVICE AND STATE COMMITMENTS		
Alon Refining	\$1,500,000	Krotz Springs
Biomedical Research Foundation of NW LA	\$250,000	Shreveport
Cyber Research Center education (BPCC, LA Tech, NWLU)	\$1,320,875	Shreveport
Brown & Root for HQ relocation	\$150,000	Baton Rouge
CenturyLink for HQ expansion and education (LA Tech and TBD)	\$3,000,000	Monroe
CGI Federal Onshore for IT center and education (ULL)	\$1,675,000	Lafayette
Citadel Completions for interior aircraft completions	\$1,200,000	Lake Charles
Conn's Distribution Center construction	\$250,000	Port Allen
Dept of Military lease subsidy by LA National Guard for cyber security center	\$100,000	Baton Rouge
DXC Technology digital center, education and parking	\$5,250,000	New Orleans
Eurochem for methanol facility	\$1,500,000	St. John Parish
Gambling University for workforce development	\$250,000	Shreveport
Governor's Economic Development Rapid Response Program-FY21	\$5,000,000	Statewide
IBM - UL at Monroe for workforce development	\$550,000	Baton Rouge
IBM - Baton Rouge technology center	\$2,465,271	Monroe
Kopter Group for helicopter assembly	\$260,000	Lafayette
LHC Group for expansion of facility for healthcare services	\$550,000	Lafayette
Lighthouse for the Blind paper cup manufacturing facility	\$150,000	Baton Rouge
Lotte Chemical for HQ expansion	\$4,100,000	Lake Charles
LSU Shreveport for workforce development	\$321,600	Shreveport
Madison Parish Port for high pressure gas line	\$1,850,000	Tallulah
Medline Industries for infrastructure expenses	\$2,000,000	Covington
Methanex #3 for methanol plant improvements	\$1,500,000	Geismar
Military efforts supporting communities with base closures	\$600,000	Federal Bases
New Orleans Bioinnovation Center to attract companies	\$500,000	New Orleans
Pennington Biomedical Foundation for bariatric/metabolic surgery center	\$1,800,000	Baton Rouge
Sleep Management for HQ expansion and relocation	\$50,000	Lafayette
SNF Holdings for public infrastructure	\$1,280,000	Iberville
Stupp Corp for two steel pipe manufacturing plants	\$500,000	Baton Rouge
Tech Pointe II for commercial office building in the LA Tech research park	\$1,000,000	Ruston
GE Capital at UNO for IT Center	\$500,000	New Orleans
US Foods - distributor of food and food-related products	\$500,000	Marrero
Waitr for HQ renovation and ULL workforce development	\$1,062,500	Lafayette
Yuhuang Chemical (SY Chemical) for chemical manufacturing facility	\$925,000	St. James
TOTAL STATE COMMITMENTS (NO DEBT SERVICE)	\$43,910,246	



Department of Economic Development

Schedule 20-931 LED Debt Service & State Commitments

General Appropriation Project	Contract Period	Parish	Total State Commitment	State Expenditures & Encumbrances through FY20	Engrossed FY21	FY22	FY23	FY24
Alon Refining Krotz Springs, Inc	04/01/19 - 12/31/28	St. Landry	\$ 7,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Biomedical Research Foundation of NWLA	04/05/19-12/31/29	Caddo	\$ 1,000,000	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Cyber Research Center - LA Higher Ed Institution(CSC)/Bossier PCC	01/27/14 - 10/01/24	Bossier	\$ 2,500,000	\$ 1,250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Cyber Research Center - LA Higher Ed Institution(CSC)/LA Tech	03/01/14 - 02/29/24	Lincoln	\$ 9,000,000	\$ 6,300,000	\$ 900,000	\$ 900,000	\$ 900,000	
Cyber Research Center - LA Higher Ed Institution(CSC)/Northwestern	01/27/14 - 08/31/24	Rapides	\$ 2,500,000	\$ 1,645,625	\$ 170,875	\$ 170,875	\$ 170,875	\$ 170,875
Brown & Root	07/02/15 - 12/31/25	EBR	\$ 1,800,000	\$ 900,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
CenturyTel, Inc	07/01/09 - 12/31/25	Ouachita	\$ 41,274,900	\$ 26,475,396	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
TBD Educational component and CenturyTel, Inc				\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
LA Tech Univ (CenturyTel)				\$ 300,000	\$ 300,000	\$ 300,000		
CGI	04/28/14 - 12/31/24	Lafayette	\$ 24,100,000	\$ 22,800,000	\$ 1,300,000			
LA Higher Ed Institution(CGI)/UL Lafayette	07/01/14 - 06/30/24	Lafayette	\$ 4,500,000	\$ 3,000,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
Citadel Completions	5/14/18 - 12/31/28	Calcasieu	\$ 9,000,000	\$ 200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
Conn's	In progress	WBR	\$ 250,000	\$ -	\$ 250,000			
Dept of Military lease subsidy by LA Natl Guard - cyber security center	10/15/19-08/31/24	EBR	\$ 500,000	\$ 100,000	\$ 100,000	\$ 150,000	\$ 150,000	
DXC Technology - Higher Education Component	Yearly	Multi	\$ 25,000,000	\$ 13,000,000	\$ 5,000,000	\$ 5,000,000	\$ 2,000,000	
DXC Technology - PBG Component	11/13/17 - 3/31/28	Orleans	\$ 18,650,000	\$ 16,450,000	\$ 250,000	\$ 800,000	\$ 500,000	\$ 650,000
Eurochem	03/28/13 - 12/31/28	St. John the Baptist	\$ 6,000,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	
Governor's Rapid Response Program (StatDed)				\$ -	\$ 5,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Grambling University - IT workforce	10/01/19-09/30/23	Lincoln	\$ 1,200,000	\$ 230,000	\$ 250,000	\$ 320,000	\$ 400,000	
IBM Monroe & ULM workforce development	10/10/14 -03/31/30	Ouachita	\$ 24,000,000	\$ 20,029,292	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000
IBM-Baton Rouge	01/01/13-06/30/30	EBR	\$ 64,500,000	\$ 58,350,000	\$ 1,050,000	\$ 1,050,000	\$ 1,050,000	\$ 500,000



Department of Economic Development

Schedule 20-931 LED Debt Service & State Commitments

General Appropriation Project	Contract Period	Parish	Total State Commitment	State Expenditures & Encumbrances through FY20	Engrossed FY21	FY22			FY23			FY24		
IBM-Baton Rouge-LSU-Higher Ed Component	07/01/13-06/30/23	EBR	\$ 6,406,893	\$ 3,661,082	\$ 915,271	\$ 915,270	\$ 915,270	\$ 915,270						
IBM-Baton Rouge-Southeastern Univ-Higher Ed Component	07/01/14-06/30/24	Tangipahoa	\$ 1,780,000	\$ 780,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
IBM-Baton Rouge-Southern Univ-Higher Ed Component	07/01/14-06/30/24	EBR	\$ 1,780,000	\$ 780,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Kopter Group	03/01/19 - 12/31/2031	Lafayette	\$ 2,500,000	\$ 1,460,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000	\$ 260,000
LHC Group	03/22/19-12/31/30	Lafayette	\$ 3,500,000	\$ 550,000	\$ 550,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Lighthouse for the Blind	11/15/10 - 06/30/21	EBR	\$ 1,500,000	\$ 854,490	\$ 150,000									
Lotte Chemical	04/06/17 - 12/31/23	Calcasieu	\$ 12,500,000	\$ 8,400,000	\$ 4,100,000									
LSU Shreveport - IT Workforce	10/01/19-09/30/23	Caddo	\$ 1,200,000	\$ 341,400	\$ 321,600	\$ 318,200	\$ 318,200	\$ 218,800						
Madison Parish Port	10/01/19-06/30/21	Madison	\$ 3,650,000	\$ 1,800,000	\$ 1,850,000									
Medline Industries	In progress	St. Tammany	\$ 2,000,000	\$ -	\$ 2,000,000									
Methanex #3	01/01/19-12/31/32	Ascension	\$ 3,000,000	\$ -	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000							
Military Efforts	Yearly	Statewide	\$ 1,800,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000							
New Orleans Bioinnovation Center (NOBIC)	12/17/19-6/30/22	Orleans	\$ 1,500,000	\$ 750,000	\$ 500,000	\$ 250,000	\$ 250,000							
Pennington Biomedical Foundation	03/09/20-06/30/22	EBR	\$ 5,900,000	\$ 2,500,000	\$ 1,800,000	\$ 1,600,000	\$ 1,600,000							
Sleep Management (Viemed Healthcare)	04/01/19 - 12/31/24	Lafayette	\$ 300,000	\$ 250,000	\$ 50,000									
SNF Holdings	06/22/09-06/30/26	Iberville	\$ 39,350,000	\$ 31,693,000	\$ 1,280,000	\$ 1,280,000	\$ 1,280,000							
Stupp Corp	02/08/19 - 12/31/23	EBR	\$ 500,000	\$ -	\$ 500,000									
Tech Pointe II for LA Tech Research Institute (fed match-research)	09/01/19-08/31/22	Lincoln	\$ 3,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000							
LA Higher Ed Institution(UNO-GE Digital)	01/01/14 -06/30/24	Orleans	\$ 5,000,000	\$ 3,500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000						
US Foods	5/24/18 - 6/30/33	Jefferson	\$ 1,500,000	\$ 1,000,000	\$ 500,000									
Waitr for HQ & ULL workforce development	In progress	Lafayette	\$ 2,750,000	\$ -	\$ 1,062,500	\$ 812,500	\$ 812,500	\$ 562,500	\$ 312,500					
Yuhuang Chemical (SY Chemical)	07/17/14 - 12/31/30	St. James	\$ 5,500,000	\$ 925,000	\$ 925,000	\$ 925,000	\$ 925,000	\$ 925,000	\$ 925,000	\$ 925,000	\$ 925,000	\$ 925,000	\$ 925,000	\$ 925,000
TOTAL AGENCY 931			\$ 350,191,793	\$ 234,875,285	\$ 43,910,246	\$ 37,926,845	\$ 27,827,445	\$ 20,593,375						



Department of Economic Development

Dedicated Funds Supporting LED Debt Service and State Commitments

Louisiana Economic Development Debt Service and State Commitments provides for the scheduled annual payments due for bonds and state project commitments.

20-931 LED Debt Service and State Commitments	FY20 EOB	FY21 Proposed
Louisiana Economic Development Fund	\$47,218,201	\$17,151,722
Louisiana Mega-Project Development Fund	\$7,144,254	\$0
Major Events Incentive Program Sub-fund	\$5,500,000	\$0
Rapid Response Fund	\$43,018,964	\$11,237,927
TOTAL	\$102,881,419	\$43,910,246



Department of Economic Development

Statutory Authorization for Dedicated Funds

Dedicated Fund	Authorization and Explanation
Louisiana Economic Development Fund	R.S. 51:2315 — Act 404 of the 2019 Regular Session directs all funds to used exclusively for Debt Service and Project Commitments.
Louisiana Mega-Project Development Fund	R.S. 51:2365 — For immediate funding of all or a portion of economic development projects which may be necessary to successfully secure the creation of retention of jobs a business entity under such circumstances as may be determined by the secretary and the governor.
Major Events Incentive Program Sub-fund	R.S. 51:2365.1 — Authorizes LED to enter into a contract with a local organizing committee to recruit, solicit, or acquire for Louisiana any qualified event that will have a significant positive impact on economic development in the state.
Rapid Response Fund	R.S. 51:2361 — For immediate funding of all or a portion of economic development projects which may be necessary to successfully secure the creation of retention of jobs a business entity under such circumstances as may be determined by the secretary and the governor.



Department of Economic Development

Enacted Appropriation vs. Actual Expenditure Analysis — FY17 to FY19

The following charts show Enacted vs. Actual budget comparisons for the specified fiscal years. Rarely are these totals exactly the same. The differences can be attributed to a number of reasons: revenue that was not collected, and therefore, expenditures that could not be made; unanticipated revenue shortfalls that may require a supplemental appropriation; expenditure authority that was anticipated to be needed but the expense never materialized; etc.

Economic Development	FY17 Enacted	FY17 Actual	FY17 Difference
State General Fund	\$15,913,034	\$14,954,842	(\$958,192)
Interagency Transfers	\$1,231,829	\$1,107,965	(\$123,864)
Fees and Self-generated Revenues	\$8,387,873	\$2,895,075	(\$5,492,798)
Statutory Dedications	\$18,200,000	\$18,167,538	(\$32,462)
Federal	\$7,500,000	\$2,937,033	(\$4,562,967)
TOTAL	\$51,232,736	\$40,062,453	(\$11,170,283)

Note 1 – Negative *Difference* numbers show excess budget authority or less revenue than anticipated.

Economic Development	FY18 Enacted	FY18 Actual	FY18 Difference
State General Fund	\$13,761,695	\$13,731,145	(\$30,550)
Interagency Transfers	\$0	\$41,216	\$41,216
Fees and Self-generated Revenues	\$17,451,033	\$8,367,422	(\$9,083,611)
Statutory Dedications	\$16,579,203	\$14,360,782	(\$2,218,421)
Federal	\$7,500,000	\$357,999	(\$7,142,001)
TOTAL	\$55,291,931	\$36,858,564	(\$18,433,367)

Note 2 — Cells highlighted in yellow mean more funding was needed or that a funding source was underbudgeted.

Economic Development	FY19 Enacted	FY19 Actual	FY19 Difference
State General Fund	\$ 19,421,263	\$ 19,321,841	(\$99,422)
Interagency Transfers	\$ -	\$ -	\$0
Fees and Self-generated Revenues	\$ 5,064,807	\$ 2,624,843	(\$2,439,964)
Statutory Dedications	\$ 16,772,483	\$ 13,914,029	(\$2,858,454)
Federal	\$ 2,976,020	\$ 301,830	(\$2,674,190)
TOTAL	\$ 44,234,573	\$ 36,162,543	(\$8,072,030)

In any given year, the Economic Development Department tends to be most overbudgeted in all Means of Finance , especially Fees and Self-generated Revenues, Statutory Dedications and Federal Funds.



Economic Development – Audit Findings

Louisiana Department of Economic Development

December 26, 2019

LED did not adequately monitor contractual agreements with private companies hired to promote business establishment, expansion, and job growth in Louisiana. Such monitoring includes ensuring that requirements for payroll reports, cost reports, detailed invoices, and progress reports are met. An analysis of LED's Tax Abatement Disclosures for fiscal year 2019 showed that of nearly \$400 million in tax credits granted, two programs – the Motion Picture Production Tax Credit and the Quality Jobs Program – represented 81% of the total.



Impact from COVID-19

Department of Economic Development

The Department may receive direct revenue from the Federal relief package during FY21.

Operational Impacts

- With employees working remotely, LED worked to organize and disseminate available information that would benefit businesses in the state and initiated a survey to identify business and supply chain interruptions.
- Established a Loan Portfolio Guaranty Program with local bankers providing \$50M in small business loans.
- Emphasizing on-line development for businesses and a “Buy Louisiana” program.

Financial Impacts

- LED anticipates about \$1M in COVID-19 related expenses for redirected personnel, supplies and marketing efforts, though these expenses are absorbed in the existing budget.
- A decision on the CARES Act Economic Development Administration (EDA) grant application is not expected for months. If awarded, the reimbursement grant will be appropriated by BA-7.



Department of Economic Development House Amendments to HB 105

House Amendments to HB105						
HB 105	State General Fund	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal	TOTAL
Original	\$33,486,331	\$125,000	\$2,561,237	\$4,700,000	\$183,333	\$41,055,901
Appropriations Amendments:						
	State General Fund	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal	TOTAL
Office of Secretary	\$0	\$0	\$0	\$0	\$0	\$0
Office of Business Development	\$0	\$0	\$769,248	\$0	\$0	\$769,248
Engrossed	\$33,486,331	\$125,000	\$3,330,485	\$4,700,000	\$183,333	\$41,825,149
House Floor Amendments:						
	State General Fund	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal	TOTAL
No Amendments	\$0	\$0	\$0	\$0	\$0	\$0
Re-engrossed	\$33,486,331	\$125,000	\$3,330,485	\$4,700,000	\$183,333	\$41,825,149
<i>Difference HB105 Original to HB105 Re-engrossed</i>	\$0	\$0	\$769,248	\$0	\$0	\$769,248
FY21 Proposed	\$33,486,331	\$125,000	\$2,561,237	\$4,700,000	\$183,333	\$41,055,901
<i>Difference HB105 Original to FY21 Proposed</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>Difference HB105 Engrossed to FY21 Proposed</i>	\$0	\$0	\$769,248	\$0	\$0	\$769,248
<i>Difference HB105 Re-engrossed to FY21 Proposed</i>	\$0	\$0	\$769,248	\$0	\$0	\$769,248

The House increased the fees and self-generated revenue appropriation for the Regional Awards and Matching grant program \$1,428,590 and allocated \$400,000 of these funds equally between the 8 regional organizations. The House also decreased funding for the other areas in the Office of Business Development by (\$659,342) for a net increase of \$769,248.

HB1 Original funding is the same as HB 105 Re-engrossed at \$41,825,149.